

Amman	Sat 15	Lebanon	1.180	Portugal	Esc 20
Beirut	1.050	Japan	1550	S. Arabia	Ris 6.00
Belgrade	87.50	Jordan	1.000	Singapore	S\$ 4.10
Bombay	137.50	Kuwait	1.000	Spain	Pes 165
Brussels	121.00	Libya	1.000	Switzerland	Sfr 2.00
Cairo	121.00	Luxembourg	1.000	Taiwan	NT 800
Frankfurt	121.00	Malaysia	1.000	Turkey	L 1.150
Geneva	121.00	Mexico	1.000	U.A.E.	Dir 6.50
Hong Kong	121.00	Norway	1.000	U.S.A.	\$1.50
London	121.00	Peru	1.000		
Madrid	121.00	Philippines	1.000		
Manila	121.00	Romania	1.000		
Moscow	121.00	Saudi Arabia	1.000		
Paris	121.00	Sri Lanka	1.000		
Rangoon	121.00	Taiwan	1.000		
Seoul	121.00	Thailand	1.000		
Tokyo	121.00	Yemen	1.000		
Zurich	121.00				

# FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

Friday May 27 1983

No. 29,084



Down-home style  
for U.S.  
summit, Page 4

## NEWS SUMMARY

### GENERAL

#### Greece protests at U.S. aircraft

Greece yesterday protested to the U.S. about alleged violations of its airspace by American aircraft and said the incident, the second in a week, could jeopardise talks on the status of U.S. military bases in Greece.

Foreign Under-Secretary Ioannis Kapsis said that five aircraft taking part in Nato's Aegean exercise Distant Drum entered Greece's flight information region five times on Wednesday.

Last Friday, Greece protested to the U.S. and Turkey over alleged violations of its airspace by joint formations from the two countries during the same exercise.

#### Turks go into Iraq

More than 2,000 Turkish troops moved 30 km into Iraqi territory, apparently to fight Kurdish guerrillas. One report said Iraq permitted the action.

#### Japan tidal wave

Schoolchildren playing on a beach were among nearly 100 people killed or missing after an earthquake threw a three-metre tidal wave against Japan's north-western coasts.

#### Nile toll at 317

The death toll in the fire that gutted a ferry on the River Nile 300 km south of Aswan was feared to have reached 317.

#### U.S. adviser shot

Guerrillas shot dead Commander Albert Schmitzberger, deputy chief U.S. adviser to the El Salvador Government, while he was sitting in his car in San Salvador, Page 4.

#### Strike in Moscow

Soviet workers building a new U.S. Embassy in Moscow walked off the site because they said X-ray equipment used to examine girders for cracks was a health hazard.

#### Police chief accused

Police chief Gualtiero Medici of Lugano, Switzerland, is to be prosecuted for passing to an Italian magazine secret documents on an associate of banker Roberto Calvi, found dead in London last year.

#### Starfighter questions

West Germany's Green Party demanded a government explanation of Sunday's Canadian Starfighter crash, which killed five West Germans in their car and injured three.

#### Nazi admits killings

Former Nazi SS officer Heinz Barth, 62, on trial in East Berlin for war crimes, admitted volunteering for a firing squad that killed four civilians in Czechoslovakia in 1942.

#### Bloemfontein bomb

A bomb under a car exploded in the centre of the Orange Free State capital of Bloemfontein, South Africa. No one was hurt, Page 3.

#### Italy general strike

Italian industry is due to shut down for at least four hours today as a result of a general strike, Page 2.

#### Briefly...

Iceland's premier will be Steingrímur Hermannsson, 54, leader of the Progressives.  
French dockers went on 24-hour pay strike.  
Louise Weiss, a member of the European Parliament, died aged 80.  
Turkey legalised abortion.

### BUSINESS

#### German steel pipe group declines

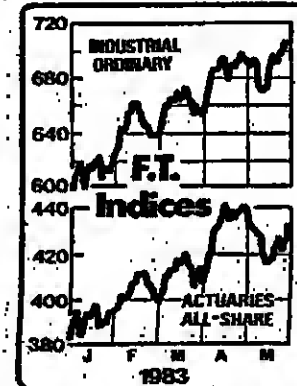
MANNESSMANN, the West German steel pipe and mechanical engineering group, reported world turnover down 21 per cent to DM 2,950m (\$1,160m) in the first quarter and a sharp fall in net earnings, Page 18.

STERLING added 1.45 cents to close at \$1.60. It rose to DM 3.965 (DM 3.95), FF 11.975 (FF 11.845), SwFr 2.074 (SwFr 2.072) and Y378.75 (Y375). Its trade-weighted index was 86.6 (85.3). In New York, it closed at \$1.6035, Page 38.

DOLLAR climbed to DM 2.485 from DM 2.49, to FF 7.4835 (FF 7.471), SwFr 2.074 (SwFr 2.072) and Y378.75 (Y375). Its trade-weighted index was 123.1 (123). In New York, it closed at DM 2.485; FF 7.4965; SwFr 2.0775; and Y378.75, Page 38.

GOLD fell \$0.75 in London to \$440. In Frankfurt it fell \$2 to \$440 and in Zurich \$3 to \$439.5. In New York the Comex June settlement was \$437.3, Page 35.

WALL STREET: Dow Jones index closed 55.2 down at 1,223.48. Page 31. Full share listings, Pages 32-34.



LONDON: FT Industrial Ordinary index gained 3.6 to reach a new peak of 706.2. Government Securities gained a point on longer issues, Page 31. Financial Times Share Information Service, Pages 36, 37.

TOKYO: Nikkei Dow index rose 43.66 to 8,628. Stock Exchange index put on 3.68 to 636.86, Page 31. Leading prices, other exchanges, Page 34.

CHINA will increase World Bank borrowing from \$800m to \$1bn next year.

EEC talks on membership for Spain failed to agree a revised Mediterranean farm policy. EEC tariff talks, Page 18.

EGYPT and the Soviet Union signed their first trade agreement since 1977.

JAPAN'S exports of video tape recorders to the EEC fell to 259,000 in April, 45 per cent down on March.

POLISH report said the country's failure to use Western credits raised in the 1970s was the cause of present balance-of-payments problems.

SPAIN'S highest industrial group INI expects to lose Pta 800m (\$800m) this year, Page 19.

SWISS watch makers Asung and SSIH have received a financial package of SwFr 650m (\$318m) from a consortium of eight banks to support their merger, Page 30.

BROKEN HILL Proprietary, Australia's biggest company, is raising \$500m (\$87m), Page 20.

PREUSSAG, the West German metals, energy and transport concern, is maintaining its dividend despite a 35 per cent decline in earnings to DM 93.3m (\$38.7m), Page 19.

PLESSEY, the UK electronics group, lifted pre-tax profits by 31 per cent to £148.4m (\$234.2m) in the year to April 1, Page 20; Lex, Page 18.

## Heavy U.S. trade deficit should help allies says Reagan

BY ANATOLE KALETSKY IN WASHINGTON

President Ronald Reagan predicted yesterday that the U.S. would have a trade deficit this year of between \$55bn and \$60bn and said this was "an indication of the penalties the U.S. has suffered as a result of the strong dollar."

But he maintained that this trade imbalance - which compares with a deficit of \$38bn last year - should be of benefit to all our allies and that the strong dollar would help to extend the current economic recovery in the U.S. to other countries.

The President, in an interview especially arranged for broadcast to the six other countries which will be represented at this weekend's economic summit in Williamsburg, also tried to allay fears that the U.S. was embarking on an arms race aimed at acquiring nuclear superiority over the Soviet Union and declared his firm opposition to protectionist pressures from U.S. public opinion and the Congress.

Mr Reagan repeatedly referred to the benefits which the rest of the world would gain as a result of the U.S. recovery. He insisted that the U.S. was "not ignoring our economic responsibilities" to the rest of the world by allowing the dollar to strengthen, as the French Government in particular has claimed.

"We did not ask for a strong dollar - it came about as a result of our

success in reducing inflation in comparison with other countries," the President said. Although the U.S. "would like to have a better trade balance" in the future, the strong dollar and high trade deficits were helping other countries, while "stability in currencies must come from greater equality in inflation rates worldwide."

Mr Reagan said there was a misconception that the U.S. was interested in a trade war with the Soviet Union. "We are not at all," the President said, noting that the two countries are about to begin negotiations for a long-term grain agreement.

Mr Reagan said that half of the U.S. deficit was the result of the recession, and the remainder was caused by structural factors, such as the decline of heavy industries and the emergency of high-technology businesses.

Responding to insistent questioning about an issue in the forthcoming British elections - the ultimate control of U.S. nuclear weapons based in Britain - President Reagan said that there was "an understanding" between the U.S. and British governments, giving both sides a "sort of veto power" over the use of nuclear weapons on British soil. He added that the U.S. "never acts unilaterally on this."

Mr Reagan reiterated his "total commitment" to nuclear arms control and, ultimately, "the total elimination" of these "horrible weapons". But, in the meantime, the Soviet Union was killing women and children and using chemical weapons in Afghanistan and Kampuchea and he would not ignore this or remain silent "as the world did for too long when Hitler was coming to power."

The U.S. had no wish to gain nuclear superiority over the Soviet Union, however. In fact it would be "destabilising if we sought what the Soviets might view as the potential for a first strike" against them, the President said.

The President also went out of his way to express his admiration for Mrs Thatcher.

Williamsburg tailor-made for Reagan, Page 4.

## Marathon Oil to lead £1bn N. Sea project

BY RAY DAFTER, ENERGY EDITOR, IN LONDON

A NORTH SEA exploration consortium with European and North American interests, led by Marathon Oil of the U.S., is about to start a £1bn (\$1,600bn) development of the UK's first condensate (very light oil) field.

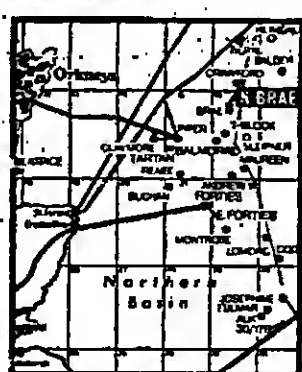
Partners in the Marathon group are expected to meet within the next few weeks to give the go-ahead to the exploitation of the North Brae field, 180 miles north-east of Aberdeen. Although the field has only moderate reserves by the standards of early UK discoveries, it will require one of the most sophisticated production systems installed in the North Sea.

Consequently, the development could cost well over £1bn in money-of-the-day terms and it could be 1988 before the field is on stream.

North Brae, located in licence block 18/7, contains a mixture of condensate and natural gas. Stockbroker Wood, Mackenzie estimates that the Marathon group should be able to recover between 190m and 200m barrels of liquid condensate and 850m cubic feet of dry gas.

It is likely that Marathon will seek Energy Department approval for a two-stage development. In the early years the gas will probably be reinjected into the reservoir to aid in the recovery of the liquids. Industry estimates suggest that a peak liquids production of about 70,000 barrels a day could be achieved in this way.

The proposed marketing arrangements for this very light oil are still unclear. The Marathon group could mix the liquid with heavier North Sea crude oils and sell the fuel to refiners. Alternatively, it could sell



the condensate either as a high-grade liquid fuel or as a raw material for chemical manufacturing.

Wood, Mackenzie believes that, once the field is largely depleted, Marathon will produce natural gas at rates up to 230m cubic feet a day. This gas will probably be fed into the British Gas Corporation distribution system.

North Brae will almost certainly be exploited by means of a fixed steel platform with the liquids being transported ashore to Scotland via British Petroleum's Forthfield pipeline. The facilities will be linked to the nearby South Brae oil field.

North Brae is one of at least 17 oil and gas development projects which the Department of Energy expects to be submitted for formal government approval over the next two years.

Interests in North Brae are: Marathon (38 per cent), Britoil, of the UK (20), Bow Valley, of Canada (14), Kerr-McGee, of the U.S. (6), BC Resources, of Canada (7.7), Louisiana Land and Exploration, of the U.S. (6.3), Sovereign, of the UK (4), and Sage, of Norway (2).

## People Express gets go-ahead for £99 transatlantic fare

BY LYNTON McLAIN IN LONDON

PEOPLE EXPRESS, the U.S. airline owned by its workers and managers, yesterday won permission from the UK Government to start its £99 (\$158) flights between London and New York immediately.

The single bookable fare offered by the airline is the lowest of any scheduled airline on the north Atlantic route. The airline already had 8,850 advanced bookings for its five-times-a-week service before yesterday's decision. It will also offer up to 44 seats on each flight at the "premium" fare of £291 single.

The first flight, a 747 from Newark, New Jersey, is scheduled to land at Gatwick airport at 8.55 am this morning with a full load of 434 passengers. The return flight is also

fully booked and will take off at 10.25 am.

British Airways' cheapest fare, from London Heathrow to New York's John F. Kennedy airport, is £175 (\$280) standby single and £190 economy single. The economy fare goes up next month for the summer season to £218.

"We have never objected to the People Express plan, nor do we intend to compete on fares," British Airways said last night. "But we will compete with any low fares introduced by any of the major scheduled airlines." BA did not think People Express posed a threat, because of its limited frequencies and the different nature of the service, where passengers pay on board for tickets, all refreshments and in-flight services and have to carry their baggage to the aircraft.

The UK Trade Department feared a repeat of recent anti-trust actions in the U.S. against British

Continued on Page 18

Paris air show, Page 4; Editorial comment, Page 16.

## World Bank in warning on trade barriers

By Dina Thomson in London

PRESENT TRENDS towards increased protectionism risk causing a downward spiral in the world economy "with catastrophic consequences for the developing countries," the World Bank warns.

A confidential draft of its World Development Report, due to be discussed by the bank's executive directors early next month, considers three possible courses for the world economy over the next 12 years, depending on whether direct action is taken by both industrial countries and the developing world.

In the worst case, the report says it would be difficult to forestall a global crisis if the industrial countries' recovery were to taper off into a decade of slow growth. To achieve the best case, which envisages gross domestic product of industrial countries growing by 5 per cent annually, governments must take action to liberalise trade, adjust to changing comparative advantage and follow concerted policies to sustain economic recovery.

The bank believes that while the world's economic recovery may be underway, the poorest countries still appear to be on a downward slide. It expresses deep concern for countries too poor to borrow.

In its statement - the political challenge is first to halt and then to reverse the drift towards protectionism - the report reflects the message taken over the past two months by Mr A. W. (Tom) Clausen, the World Bank president, to each head of Government attending the Williamsburg economic summit this weekend.

Mr Clausen has emphasised the need for at least maintaining trade and financial flows - both official and commercial. He also urged that government aid be concentrated on the poorest countries.

In its worst case, the bank staff's report assumes that industrial countries will manage to grow by only 2.5 per cent a year between 1985 and 1995 as they fail to tackle their "structural problems" and protectionism increases.

Such slow growth would also lead to a further curtailment of capital flows to developing countries, the report forecasts. A "moderate" assumption of a 15 percentage point increase in the average tariff of industrial countries - much less than protection increased by in the 1930s - is assumed. That would result in a fall in GDP of 0.8 per cent annually in the low-income oil importers, 3.4

Continued on Page 18

Editorial comment, Page 16; Lombard, Page 17.

## Tory election prospects take £ to year high

BY JEREMY STONE IN LONDON

PRE-ELECTION enthusiasm on the foreign-exchange markets yesterday swept the pound to its highest level since early last December. Sterling's external value has risen by almost 3 per cent this week.

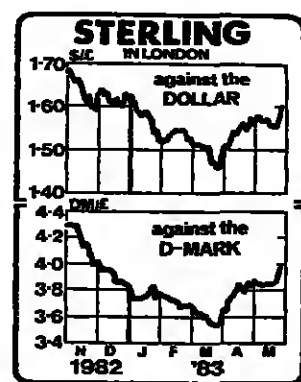
In brisker trading than dealers had seen for some time, with heavy commercial buying, the pound gained nearly 5 pence to close in London at DM 3.995, with some banks quoting sterling slightly above the psychological landmark rate of DM 4, last exceeded at the London close on December 2.

The pound also gained 1.45 cents against a firm dollar, to finish in London at \$1.60. Sterling's effective rate, measured by the Bank of England against a trade-weighted basket of currencies, ended the day at 88.8 (1975 = 100).

In New York, sterling closed at \$1.6035.

The performance extends the recovery since sterling's low point in March to 11 per cent, with the rebound against European currencies playing a greater part than the expected appreciation against the dollar. The pound has risen 10 per cent in dollar terms, compared with a rise of 13 per cent against the D-Mark, since March 24.

At its deepest, sterling's fall was



equivalent in March to a devaluation of nearly 15 per cent, raising the prospect of accelerating inflation in the UK but also greatly increasing the potential sales and profitability of British exporters. With two thirds of the devaluation undone, neither prospect is now as vivid.

The markets were drawing parallels yesterday between sterling's strong run this week and the strength of the D-Mark before the

Continued on Page 18  
Money Markets, Page 31; Lex, Page 18.

## Labour fails to cut Thatcher poll lead

BY PETER RIDDELL, POLITICAL EDITOR

THE BRITISH Labour Party's campaign to win the UK general election on June 9 looked in disarray last night as its leadership remained divided and on the defensive over its non-nuclear defence policy.

Halfway through the election campaign, Labour, the main opposition party, has failed to reduce the large lead in the opinion polls held by the Conservatives. The latest poll, taken by Marplan for The Guardian newspaper, gives the Conservatives 47.5 per cent and Labour 32.5 per cent. The party's divisions on defence are adding to its difficulties.

Labour's lack of confidence was shown by a startling intervention at the party's election press conference yesterday by Mr Jim Mortimer, Labour's general secretary. He said that Labour's campaign committee "were all insisting that Michael Foot is leader of the La-

bour Party, speaks for the party and we support the manifesto (policy document) of the party."

This surprising need to confirm Mr Foot's leadership, only a fortnight before polling, follows a speech by Mr James Callaghan, the former Labour Prime Minister, in which he dissociated himself from Labour's unilateral defence policy.

Last night Mrs Margaret Thatcher, the Prime Minister, said Labour's muddle over nuclear disarmament made war more likely. Labour, she said, had got it "dangerously, desperately" wrong over defence.

The Marplan poll found that while the majority of voters were opposed to Trident and cruise missiles, nearly two thirds believed that Britain's existing Polaris submarines should be maintained.

Election news, Page 7; UK welfare state, Page 18.

## A SELECTION OF CENTRAL LONDON OFFICES

### CITY

Austin Friars EC2	6,845 sq. ft.
Copthall Avenue EC2	6,150 sq. ft.
Finsbury Square EC2	3,880 sq. ft.
Fenchurch Street EC3	3,065 sq. ft.
Lawrence Lane EC2	2,965 sq. ft.
Finsbury Circus EC2	2,600 sq. ft.
Basinghall Street EC2	470 sq. ft.

### HOLBORN

Maltravers Street WC2	6,200 - 40,000 sq. ft.
Grays Inn Road WC1	7,000 sq. ft.
Aldwych WC2	4,400 sq. ft.

### WEST END

Tottenham Court Rd. W1	1,550 - 14,000 sq. ft.
Cavendish Square W1	1,630 sq. ft.
Regent Street W1	1,325 sq. ft.

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## EUROPEAN NEWS

## Crisis-regulated steel production quotas set to fall

By Paul Chessie  
right in Brussels

PRODUCTION quotas for more than half the EEC steel subject to crisis regulations will be lower in the third quarter of this year than in the second, according to provisional figures worked out by the European Commission.

Meanwhile the Commission has approved an Italian Government plan of financial support costing up to L700bn (£289m) for the restructuring of the private Italian steel industry.

The quotas worked out by the Commission will come into effect only if EEC ministers on June 16 approve the extension beyond the end of next month of the system of controls aimed at sheltering the industry while it is nursed back to profitability.

But the quotas are being circulated as an aid to planning production and shipment levels. The overall figure for production at 14.65m tonnes is slightly lower than that for the current quarter - 14.97m tonnes - although nearly 1m tonnes more than that for the first.

Although signs of economic recovery have begun to multiply, little change in the sluggish nature of the steel market is thought likely until the last quarter of the year.

EEC ministers have approved in principle the extension of the quota

- and minimum price - regulations after the end of June. But they have not yet decided whether the present system of application should be changed to reflect restructuring in the industry that has already taken place.

By the end of June the Commission is supposed to have ruled on the permissibility of subsidy plans for domestic steel industries. Sub-

sidies are being allowed provided they are linked to plans for cutting back capacity and modernisation.

The Italian decision has been taken in that context. The capacity reductions planned in the Italian private sector are 2-2.5m tonnes.

EEC STEEL PRODUCTION QUOTAS 1983 (Thousands of tonnes)

Category	3rd quarter	2nd quarter	1st quarter
In hot rolled wide strip	2612	2673	2485
In thin sheet	3386	3389	2770
In cold rolled sheet	842	864	788
In other cold rolled	658	664	600
In wire rod	2072	2428	2310
In reinforcing bars	1710	1761	1640
In merchant bars	2198	2282	2228

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EEC ministers have approved in principle the extension of the quota

## Vredeling directive held up in EEC

By John Wyles in Brussels

ADOPTION by the European Commission of the controversial "Vredeling" Directive on worker consultation and information is being delayed by last minute internal disagreements. This is the second major proposal for industrial relations legislation to be held up by late challenges within the Commission.

Mr Ivor Richard, the Social Affairs Commissioner, who is responsible for piloting the Vredeling Directive through the Commission, had been hoping for its formal adoption on Wednesday of this week. But in a late intervention on Tuesday, his colleague, Herr Karl Heinz Narjes, raised a major point of principle over the election of worker representatives.

The draft which Mr Richard favours would leave it to member states to decide how employee representatives would be chosen for involvement in the information and consultation arrangements envisaged by the directive.

But the European Parliament in its opinion of last November called for the election of representatives through secret ballot. This is opposed by British trade unions whose support Mr Richard is anxious to retain for the draft directive.

Herr Narjes has lined up alongside the European Parliament and is urging the use of a secret ballot together with a clear limitation on the right to vote to those employees in the undertakings covered by the directive.

The German Commissioner's tactic is reminiscent of that used by Mr Frans Andriessen, the Competition Commissioner, which has delayed by about six weeks adoption by the Commission of the draft directive providing for worker participation in the running of public companies.

This directive, the Fifth Company Law Directive, is Herr Narjes' responsibility. He and his staff now believe that it will be adopted before August once some drafting changes have been carried through. Unlike Vredeling, the Fifth Directive would require the election of worker representatives involved in participation systems by secret ballot and proportional representation.

## Image problem for Spain's 'super minister'

BY DAVID WHITE IN MADRID



Sr. Boyer (right) leads colleagues into the Rumasa Press conference.

THE NEAREST thing Sr. Miguel Boyer, the Spanish Finance Minister, has to a public image was on show at his televised Press conference on the day the Socialist Government expropriated the private Rumasa business empire.

No grand inquisitor could have been more coldly condemnatory—without flourish, almost without expression, and without tripping over a single detail or word.

This backroom moderate, born with a silver spoon in his mouth, connected with the "beautiful people" of the career jet-set, and with known social democratic leanings, was taking the most bold action of Spain's first Socialist Government for over 40 years, more radical than anything in the party manifesto.

Party members suspicious of his background were questioned. Spanish and foreign businessmen were also reassured that the expropriation was above board and in the interests of good discipline and orthodoxy. One of the elders of the bank community, the 78-year-old Sr. Emilio Botín, chairman of Banco de Santander, even sent a note to congratulate Sr. Boyer on his performance.

But although the action cemented beyond doubt the position of Spain's "super minister" — he runs the three departments of Economy, Treasury and Trade from behind the great gallery in Madrid's gloomy Finance Ministry — his aides still feel that Sr. Boyer's image needs touching up.

The 44-year-old Minister is not generally regarded to be good in public. "He is more of a man for poring over dossiers

and making decisions than for public appearances," says a close subordinate.

In the first Cabinet photographs, he is at the back, head above the others, looking away distractedly. He rarely smiles. People find him aloof, impetuous at times, with moments of bravado.

Not a liker of compromises, his background smacks of a certain impatience: a twin university career in physics and economics, a succession of public and private sector posts never lasting more than three years or so, and a tumultuous association with the Socialist Party, which he joined at the start of the 1960s, before most of his colleagues. He once spent six months in Carabanchel jail as a result of his political allegiance.

He opposed the party's Marxist line before the party itself dropped it and quit in 1977 to co-found a short-lived social democratic party; he rejoined and stood for Parliament in 1978, only to give up his seat shortly afterwards — "out of boredom" — to go to work at the Bank of Spain.

His presence and power in the Government are due to his closeness to Felipe Gonzalez, the Premier, which dates back to the secret meetings he arranged for the young Socialist leader in his smart Madrid home.

"Franchised" Spaniards. Sr. Boyer was born in France at the end of the Spanish civil war, went to school at Madrid's French Lycée and likes showing off his command of the language. He is nonetheless quick to distance himself from French socialism.

From the experience of the Mitterrand Administration he says: "We have learnt little. But we have confirmed our own ideas." He takes a critical view of ambitious programmes such as nationalisation.

"The structural reforms we are considering are of a different nature. They are reforms to modernise the Spanish economy, to give it more flexibility and to bring it closer to the economies of Western Europe."

Although he has recently sounded a warning about excessive wage rises, Sr. Boyer rejects alarmist views of the economy as a symptom of "systemic Spanish pessimism." He losses, he is confident are diminishing ("no merit of the Government," he adds), the inflation rate is decelerating from last year's 14 per cent, the money supply is on target (13

per cent as against 16 per cent), and the current account deficit is forecast at between \$2.6bn and \$2.7bn, a third lower than last year.

He rebuffs those who believe the Government's objective of 5 per cent real growth in exports is pie-in-the-sky. "It is one of the aims I am most sure about," he claims.

Last year, Spanish exports grew, while world trade shrank. This year, in a more favourable climate, depreciation of the peseta should ensure "a very strong increase" in competitiveness.

Sr. Boyer's first full huged, now on its labourious way through Parliament half-way into the year it applies to, aims by cost-cutting to reduce the state deficit from last year's high level of 6 per cent of Gross Domestic Product—or at least, not to exceed it.

Private-sector economists fear the deficit may keep rising. Sr. Boyer says that by cutting down too substantially in one year, or by clamping down on consumption, the Government would be inviting economic depression.

The good year for cutting the deficit isn't a crisis year," he says. He rejects arguments put forward for a Draconian "stabilisation" plan, at least for now. The Government set out to maintain real wages this year, he says, conceding that, with low growth, "the situation of companies will not improve."

He argues the corporate sector will get its pay-off in succeeding years.

"Just as this year we have defended the principle of maintaining the purchasing power of wages, so in future years we will defend the principle that they should be simply maintained and no more, so that the surplus can create jobs and companies can start investing again."

In the interim, the Government has to take on a series of delicate, but essential reforms of Spain's rigid labour market rules, of the costly but poor social security system, and of the fund-draining nationalised sector.

The initial years will be busy, Sr. Boyer says, with hardly enough of a glimmer in his eye to convince the listener he is not totally serious, but "I am afraid that later on we may get bored in Government."

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## Farm talks deadlocked

BY LARRY KLINGER, IN BRUSSELS

THE POSSIBILITY of any substantial progress before the autumn in the EEC's negotiations with Spain over key agricultural issues receded again yesterday when the European Commission ended a second day of fruitless talks aimed at revising its Mediterranean farm policy.

Revising the rules governing aid and marketing arrangements for such southern produce as fruit, vegetables and olive oil is a vital prerequisite for negotiating the planned enlargement of the Community to include Spain and Portugal.

Yet the EEC's Council of Agriculture Ministers yesterday was un-

able to do no more than set up a working party.

The Ministers again confined themselves to repeating their long-standing positions on virtually all the outstanding issues, thus prolonging a deadlock that has already lasted more than 18 months.

The most optimistic reading of this week's discussions was given by Herr Ignaz Kiechle, the West German Minister and current Chairman of the Council, who said that by defining the options and laying down specific cost estimates, there "could be a step towards an important breakthrough" at the next European summit in Stuttgart.

The German Commissioner's tactic is reminiscent of that used by Mr Frans Andriessen, the Competition Commissioner, which has delayed by about six weeks adoption by the Commission of the draft directive providing for worker participation in the running of public companies.

This directive, the Fifth Company Law Directive, is Herr Narjes' responsibility. He and his staff now believe that it will be adopted before August once some drafting changes have been carried through. Unlike Vredeling, the Fifth Directive would require the election of worker representatives involved in participation systems by secret ballot and proportional representation.

## Italy shutdown expected today

ITALIAN industry is due to be shut down for at least four hours today as a result of a general strike called by the unions to protest against the failure of employers and unions to agree on new wage contracts.

In addition to civil service, banks, public transport and other public services are expected to go on a two-hour strike in support of their industrial colleagues.

In all some 14m people have been called out in support of more than 5m workers who have yet to conclude new wage agreements.

## French blow hard on sparks of recovery

BY DAVID HOUSEGO IN PARIS

BETWEEN the student demonstrations in Paris this week and the Williamsburg summit, there may seem obvious connections. French officials think otherwise.

M. Claude Cheysson, the Foreign Minister, believes for one that at the root of the unemployment problem is the strains of a society in which low economic growth and thus insufficient jobs for graduates has created a restless intellectual proletariat.

The strains are far worse in the Third World where unemployment is higher and the backing of debt checks expansion. But they also affect France. West security issues because continuing recession could sap Europe's readiness to stand up to the Soviet Union.

Hence, as the French see it, the central problem before the Williamsburg participants is to ensure that the first glimmer of economic recovery is translated throughout the world into dur-



ably higher rates of growth. In contrast to the hopeful noises from the U.S. that the end of the tunnel is in sight, the French think the crisis is "worse than ever. This partly reflects the difficulties of France's present position as well as the pessimistic streak of character in several French leaders, including President Francois Mitterrand, M. Cheysson and M. Jacques Delors, the Finance Minister."

But M. Cheysson's fear is that,

if the present recovery proves short-lived, the consequences everywhere will be dramatic. It would cause despair in the Third World and raise doubts whether market economies can deal with the problems of today.

It is from this starting point that the French have been trying to rally both their European partners and other Socialist governments towards concerted international action to achieve higher growth rates. From the same base have sprung M. Mitterrand's proposals for an international conference to work for a more stable international monetary system.

The French believe there will be no durable higher growth rates until there is greater stability of exchange rates. They fear that the sharp fluctuations of the dollar put at risk the future of the ERM and a few days ago they broke new records against the franc.

They think this is no bad moment for pressing the U.S. President Ronald Reagan's administration is determined, for domestic political reasons, that Williamsburg should be a success.

But they are keeping quiet about how much arm twisting they are prepared to resort to get their way.

Former President Giscard d'Estaing drove into the Elysee Palace yesterday for his first talk with President Mitterrand since his electoral defeat in May, 1981. Their one and a quarter hour conversation was held in the context of M. Mitterrand's talks with political and union leaders before the Williamsburg summit.

M. Giscard said yesterday he favoured a progressive return to the elimination of protectionist thought it premature to call an international monetary conference. Briefings in French, Page 4

## COMPANY NOTICES

## GT INVESTMENT FUND S.A.

Registered Office: LUXEMBOURG, 14, rue Aldringen Commercial Register: Section B n° 7.443

## NOTICE OF ANNUAL GENERAL MEETING OF SHAREHOLDERS

The Annual General Meeting of Shareholders of GT INVESTMENT FUND will be held at its registered office at Luxembourg, 14, rue Aldringen, on Friday, June 17th, 1983, at 10 o'clock a.m. for the purpose of considering and voting upon the following matters:

- 1) To hear and accept the Reports of:
  - a) The Directors
  - b) The Statutory Auditor
- 2) To approve the Report of the Directors for the year ended 31st December, 1982 including the Statement of Net Assets as at 31st December, 1982 and Statement of Operations for the year ended 31st December, 1982.
- 3) To discharge the Directors and the Statutory Auditor with respect of their performance of duties from 1st January 1982 to 31st December, 1982.
- 4) To elect Directors to serve until the next Annual General Meeting of shareholders.
- 5) To elect a Statutory Auditor to serve until the next Annual General Meeting of Shareholders.
- 6) To approve the declaration of a dividend of \$0.10 per share to be payable on 24th June, 1983 to registered and bearer shareholders at the close of business on 17th June, 1983 and that the shares be traded ex-dividend after 17th June, 1983.
- 7) Other business.

Resolutions on the agenda of the Ordinary General Meeting will require no quorum and will be adopted if voted by the majority of the shareholders present or represented.

In order to take part at the General Meeting of June 17th, 1983, the owners of bearer shares will have to deposit their shares five clear days before the meeting with one of the following banks or brokers, who are authorized to receive the shares on deposit:

- Amsterdam Rotterdam Bank N.V., Amsterdam
- Bank Julius Bär & Co A.G., Zürich
- Banque Générale du Luxembourg, Luxembourg
- Banca Commerciale Italiana, Milan
- Banca Nazionale dell'Agricoltura, Rome
- Bank Leu & Co, Zürich
- Banque de l'Indochine et de l'Extrême Orient, Paris
- Banque Commerciale de Suisse, Genève
- Banque de Paris et des Pays Bas, Paris 2e
- John Berenberg, Goetsch & Co, Hamburg
- Berliner Handel Gesellschaft Frankfurt
- Bank, Frankfurt
- Berliner Bank A.G., Berlin
- Effektenbank Warburg Aktiengesellschaft, Frankfurt
- Gysseleer Zuercher Bank A.G., Zürich
- Baden Württembergische Bank A.G., Heilbronn
- Pictet, Haldimann & Pictet, Amsterdam
- Privatbanken i Kjøbenhavn A.S., Copenhagen
- Skandinaviska Enskilda Banken, Stockholm C
- Kreditanstalt für Handel und Gewerbe, Paris 9e
- Crédit Industriel d'Alsace et de Lorraine, Luxembourg
- Dewasay Luxembourg S.A., Luxembourg
- Samuel Montagu & Co Ltd., London
- ECUARY
- Berliner Vereinsbank München
- Vereins und Westbank A.G. Hamburg
- Banca della Svizzera Italiana, 6801 Lugano

THE BOARD OF DIRECTORS

## SOLVAY &amp; CO

34, rue de la Loi, 1050 Brussels

Registered Office: LUXEMBOURG, 14, rue Aldringen

Commercial Register: Section B n° 7.443

Shareholders are invited to attend the Ordinary General Meeting which will be held on Friday, June 17th, 1983, at 10 a.m. at the Head Office.

The agenda of the meeting is as follows:

1. Report of the Board of Directors on the activities of the company during the year ended 31st December 1982.

2. Report of the Statutory Auditor on the accounts of the company for the year ended 31st December 1982.

3. Election of Directors and Statutory Auditor for the year 1983.

4. Declaration of a dividend of \$0.10 per share to be payable on 24th June 1983 to registered and bearer shareholders at the close of business on 17th June 1983 and that the shares be traded ex-dividend after 17th June 1983.

5. Other business.

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• Banca Commerciale Italiana, Milan

• Banca Nazionale dell'Agricoltura, Rome

• Bank Leu &amp; Co, Zürich

• Banque de l'Indochine et de l'Extrême Orient, Paris

• Banque Commerciale de Suisse, Genève

• Banque de Paris et des Pays Bas, Paris 2e

• John Berenberg, Goetsch &amp; Co, Hamburg

• Berliner Handel Gesellschaft Frankfurt

• Bank, Frankfurt

• Berliner Bank A.G., Berlin

• Effektenbank Warburg Aktiengesellschaft, Frankfurt

• Gysseleer Zuercher Bank A.G., Zürich

• Baden Württembergische Bank A.G., Heilbronn

• Pictet, Haldimann &amp; Pictet, Amsterdam

• Privatbanken i Kjøbenhavn A.S., Copenhagen

• Skandinaviska Enskilda Banken, Stockholm C

• Kreditanstalt für Handel und Gewerbe, Paris 9e

• Crédit Industriel d'Alsace et de Lorraine, Luxembourg

• Dewasay Luxembourg S.A., Luxembourg

• Samuel Montagu &amp; Co Ltd., London

• ECUARY

• Berliner Vereinsbank München

• Vereins und Westbank A.G. Hamburg

• Banca della Svizzera Italiana, 6801 Lugano

THE BOARD OF DIRECTORS

## AMOCO (U.K.) EXPLORATION COMPANY

Copies of the Financial Statements for 1982 are now available and may be obtained from:

The Assistant Secretary Amoco (U.K.) Exploration Company

1 Stephen Street

Tottenham Court Road

London W1P 1PJ

NOTICE TO THE HOLDERS OF BONDS OF THE ISSUE 7 1/2% 1973/1991 OF FF 150,000,000 MADE BY THE EUROPEAN COAL AND STEEL COMMUNITY

The Commission of the European Communities announces that the annual interest of FF 11,250,000,000 due on 1st July 1983, is now payable.

Amount outstanding: FF 150,000,000.

Amount interest: FF 11,250,000,000.

LUXEMBOURG, May 27, 1983

FINIMTRUST SA

LUXEMBOURG, May 27, 1983

LAFARGE COPPEE (Ciments Lafarge)

7-1/2% 1972/1987 FF 100,000,000

NOTICE IS HEREBY GIVEN to the holders of the above-mentioned bonds that the annual interest of FF 7,500,000,000 due on 1st July 1983, is now payable.

Amount outstanding: FF 100,000,000.

Amount interest: FF 7,500,000,000.

LUXEMBOURG, May 27, 1983

FINIMTRUST SA

LUXEMBOURG, May 27, 1983

LAFARGE COPPEE (Ciments Lafarge)

7-1/2% 1972/1987 FF 100,000,000

NOTICE IS HEREBY GIVEN to the holders of the above-mentioned bonds that the annual interest of FF 7,500,000,000 due on 1st July 1983, is now payable.

Amount outstanding: FF 100,000,000.

Amount interest: FF 7,500,000,000.

LUXEMBOURG, May 27, 1983

FINIMTRUST SA

LUXEMBOURG, May 27, 1983

LAFARGE COPPEE (Ciments Lafarge)

7-1/2% 1972/1987 FF 100,000,000

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Amount outstanding: FF 100,000,000.

Amount interest: FF 7,500,000,000.

LUXEMBOURG, May 27, 1983

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Amount outstanding: FF 100,000,000.

Amount interest: FF 7,500,000,000.

LUXEMBOURG, May 27, 1983

FINIMTRUST SA

LUXEMBOURG, May 27, 1983

LAFARGE COPPEE (Ciments Lafarge)

7-1/2% 1972/1987 FF 100,000,000

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Amount outstanding: FF 100,000,000.

Amount interest: FF 7,500,000,000



## OVERSEAS NEWS

## Japan's central bank digs in heels over interest rates

BY JUREK MARTIN IN TOKYO

THE BANK of Japan is still digging in its heels against political pressure to cut interest rates because of what it sees as the potentially adverse economic consequences of further depreciation of the yen.

In a detailed policy speech in Tokyo yesterday, Mr. Haruo Maekawa, governor of the central bank, said: "The beneficial impact (on the economy) of lowering interest rates will be slow to materialise whereas the economic risks of a weaker yen are much greater."

Yesterday the yen closed at 236.30 to the U.S. dollar, a fall of more than 75 since U.S. interest rates began to firm last week. Mr. Maekawa said this valuation was too low, especially in view of Japan's growing current account surplus, which this year could easily double the \$6.9bn surplus of 1982.

He maintained that both monetary and fiscal policy afforded little room for manoeuvre. A weak yen, he went on, would push up the price of imports, reduce corporate profits and thus depress investment further, and intensify trade friction, all to Japan's detriment.

In pursuing a strong yen, "we must not increase interest rate differentials between Japan and the U.S." The Japanese discount

rate has stood at 5.5 per cent since December 1981. Mr. Maekawa described the Japanese economy as "disappointingly sluggish," with few signs of demand pull. Both industrial production—up only a modest 0.1 per cent in April over March—and personal consumption were flat, fixed capital investment had levelled off and even last autumn's brief surge in housing construction had disappeared under the weight of higher interest rates on housing loans.

On the other hand, he felt an economic tailspin was "unlikely." The decline in exports appeared to have halted, inventory adjustment was well advanced and likely to exert no downward pressure on production, while the decline in oil prices had obvious benefits. Mr. Maekawa said he was not opposed to fiscal stimulation, so long as it had no adverse side effects, but he was at a loss to see what, in practice, the government could do, given what he saw as the overriding need to put its own financial house in order.

The national deficit, as a proportion of gross national product, was, he went on, much higher than in both the U.S. and West Germany, while the traditionally high rate of Japanese personal savings simply did not constitute an offsetting cushion.

## Explosion rocks Bloemfontein

BLOEMFONTEIN—A bomb exploded in the centre of the Orange Free State capital yesterday causing damage but no injuries, the security police said.

The bomb was placed under a car near a fabric factory. The building was extensively damaged and windows in other buildings were shattered.

The blast came six days after a car bomb in Pretoria killed 18 people and injured more than 200. The hanged African National Congress (ANC) claimed responsibility for the Pretoria explosion, which led to a South African air raid on alleged ANC bases in Maputo in retaliation. Renter

## Banks approve refinancing plan for Nigeria

By Peter Montagnon, Euromarkets Correspondent

ABOUT 28 international banks have given their formal assent to a plan to refinance Nigeria's trade credit arrears up to \$2bn.

This follows an eight-hour meeting in London on Wednesday of some of the banks involved. A formal proposal to refinance the arrears over three years is to be sent to 28 banks which must reply to the plan by next Friday.

The meeting, which was hosted by Barclays Bank, was intended to persuade European banks to join the refinancing proposals agreed by U.S. banks in New York last Friday. The refinancing is expected to bear interest at a margin of 1½ percentage points over London Eurodollar rates or 1½ over U.S. prime, with repayments beginning after a six-month grace period.

The decision to move on the refinancing has been helped by Nigeria's recent disclosure that it is willing to seek a \$2.5bn loan package from the International Monetary Fund.

But settlement of the trade arrears is regarded by creditor banks as an urgent problem.

It is understood that the refinancing proposal will leave open the option for banks to lend additional money to Nigeria in the form of trade credits.

## A country that doesn't exist for the West is still in desperate need Political bias threatens Kampuchea lifeline

BY RICHARD COWPER

AT FIRST GLANCE, rural and urban Kampuchea appears to have made a remarkable recovery from the dislocation of Pol Pot's three-and-a-half-year reign of terror, which at one point seemed to threaten the very survival of the Khmer race.

Phnom Penh's population, reduced to several hundred by the forced expulsion of about 2m people in 1975, is now back to its normal pre-war level of about 600,000. In the countryside new, albeit meagre, thatched huts have sprung up, while the area planted to paddy has expanded dramatically.

A crucial meeting of aid donors is due to be held in New York today. Western aid donors have for some time been arguing that the emergency in Kampuchea is over and most are refusing to make any more donations. But beneath the apparent surface improvement, it is clear that Kampuchea is still in a desperate state.

There is still widespread malnutrition, grinding poverty and a lack of even the most rudimentary health and sanitation facilities. Almost four years after Vietnamese troops rolled into Phnom Penh, Kampuchea's social and economic infrastructure remains shattered and the country has yet to recover from the decade of war before the invasion.

In the once beautiful city of Phnom Penh people wash their food and clothes in open sewers, pigs and poultry stare out from formerly elegant French balconies and rubbish piles up along avenues once noted for their charming hut long-gone

red flame trees.

At least 25,000 of the city's inhabitants live in squalid poverty, unable to obtain even the barest minimum of food. Half the city's deaths are said to be caused by malnutrition, lack of sanitation and disease.

In the countryside the system remains fragile and unstable. Little progress seems to have been made on the reconstruction of irrigation works to combat the vagaries of the monsoon. At least 500,000 children are suffering from severe to moderate malnutrition which health experts say threatens to lead to widespread mental retardation.

Western aid workers agree that the emergency of 1979 and 1980 is over. One said: "The country is no longer full of walking skeletons." But as the latest United Nations Food and Agriculture Organisation (FAO) report on Kampuchea says: "The damage done from 1970 to 1979 was so ghastly that only imaginative, sustained humanitarian aid covering a wide field of development and over a long period of time, can restore a semblance of normal economic life."

Such pleas seem unlikely to be heeded by the West however, which for political reasons now seems intent on closing down the emergency programme to Kampuchea.

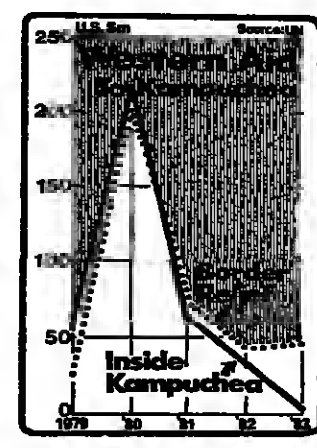
An hour's flight from Phnom Penh in the luxury 15-storey UN building in Bangkok, a stony-faced diplomat, Mr. Edward Van Roy, head of the development planning division at the Economic and Social Commission for Asia and the

Pacific (Escap), said in response to inquiries about Kampuchea's economy and the need for continued aid: "As far as I am concerned Cambodia just does not exist, so you see there's really nothing for us to discuss."

He is both right and wrong. The current Hun Sen-backed Heng Samrin regime in Kampuchea does not have a seat at the UN and is not recognised by the majority of the world community, which has condemned Vietnam's occupation of the country and called for the withdrawal of troops and internationally supervised general elections. Vietnam has shown little sign of releasing its iron grip on Kampuchea.

The West has backed the shaky tripartite coalition led by former Kampuchean Head of State Prince Norodom Sihanouk. This coalition, which includes senior members of Pol Pot's notorious Khmer Rouge regime, controls about 300,000 people near the Thai border and has a guerrilla army now believed to number around 30,000.

Whatever the political realities, the Kampuchean people do exist, and as the country continues to be a battleground for big power rivalry and the self-interest of its neighbours, the inhabitants fare the prospect of their vital needs being ignored by both East and West. Vietnam itself, one of the poorest nations in the world and already drained by the high cost of maintaining its army in Kampuchea, seems incapable of providing the funds and expertise necessary.



The Soviet Union, which claims to have pumped \$490m into the country since 1979, appears to have done little other than provide fuel and a few trucks and to refurbish the strategically important port of Kompong Som.

Since 1979 the UN has provided around \$350m in emergency humanitarian aid to Kampuchea's estimated 7m people, roughly the same amount as it provided during the same period to the 300,000 Kampuchean living along the border.

Under normal circumstances UN institutions like the World Bank and the Asian Development Bank would step in after the emergency programme had dealt with the initial disaster. But because Kampuchea is not recognised by the UN and because many are bent on punishing Vietnam, Kampuchea

now faces the grim prospect of an imminent severance of a vital international lifeline.

Aid workers say that a massive shortage of draught animals and a serious shortage of manpower (women account for around 65 per cent of the country's population) mean that even if there is a good monsoon this year, Kampuchea will still run short of about 130,000 tons of rice at the rock bottom subsistence level of 12 kg per capita per month.

A moderately poor monsoon could easily push this shortfall to over 200,000 tonnes—more than 20 per cent of Kampuchea's estimated 900,000-tonne milled rice crop of 1982. Some of the poorest provinces produced a mere 5 kg of rice per capita per month last year, less than 50 per cent of the required minimum.

For 1983, emergency food aid of 32,000 tonnes of rice from Western donors will be necessary to supplement local efforts, aid workers say. Special feeding programmes of protein and vitamin rich food for malnourished children need to be started immediately.

So far this year, Western donors have pledged around \$45m in aid to the refugees along the Thai border but only Sweden (which has pledged \$1.6m) has agreed to provide any aid to Kampuchea itself. Vietnam, the Soviet Union and Eastern Europe should now take over and the UN emergency programme should be closed down, the donors argue. For the West it seems, for the moment at least, there's really nothing to discuss.

## Australian protest over French nuclear test blast

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE Australian Government has made a strong protest to Paris over yesterday's French nuclear test blast at Mururoa Atoll, in the Pacific. A seismological monitoring station in New Zealand said it rated the device as far larger than any previous test.

Mr. Bob Hawke, the Australian Prime Minister, will raise the matter when he meets President Francois Mitterrand of France in Paris early next month.

"If they are determined to test these things, let them test the damn things in the Atlantic or Mediterranean or mainland France. But let them keep out of our backyard," said Mr. Bill Hayden, Australia's Foreign Minister.

In the 1970s, when he was President of the Australian trade union movement, Mr. Hawke led international opposition to French nuclear atmospheric testing.

Australia yesterday appointed an ambassador for disarmament to Geneva.

Mr. Hayden said that yesterday's explosion at Mururoa went "well beyond a trigger device."

It was the 42nd blast since France began underground tests in 1975.

The explosion jolted monitors in the Cook Islands and Wellington.

France's biggest test blast was one of about 140 kilotonnes in July 1979. A 70 kilotonne bomb was detonated last year.

## PLO military leader defies Arafat's stand on Lebanon valley

KUWAIT — A military leader of the Palestine Liberation Organisation (PLO) was quoted yesterday as defying the PLO's leader, Mr. Yasser Arafat, and vowing to stay on in the eastern Lebanese Bekaa Valley to turn Lebanon into a "bridgehead" in a war with Israel.

"Our action does not amount to a mutiny against military orders," said Col. Abu Moussa. "We are merely trying to push faulty political action toward rectitude."

Abu Moussa claimed he had hundreds of regulars of the

PLO's mainline guerrilla group Fatah under his command in an uprising against Mr. Arafat. He ruled out the possibility of war between Israel and Syria in the foreseeable future, however.

Lebanon's President Amin Gemayel has called for an Arab summit or an extraordinary meeting of the Arab League to explain Lebanon's stand on the Lebanese-Israeli troop withdrawal agreement. The call came in an interview in Beirut with newspaper editors.

## Reserves fall in India

By K. K. Sharma in New Delhi

INDIA'S foreign exchange reserves at the end of 1982-83 stood at Rs 45,660m (\$3.1bn), dropping by Rs 2,550m from the previous year despite drawings of Rs 18,820m from the International Monetary Fund's extended financing facility.

According to Finance Ministry figures, this represents an overall fall of Rs 21,480m in reserves if IMF drawings are excluded, or a monthly average drop of Rs 1,790m.

The position over the previous year has thus not changed significantly, and reserves are now at the critical level of just four months' worth of imports. At the end of 1981-82, reserves stood at Rs 33,540m.

## South Korean politicians go on hunger strike

SEOUL — Nineteen politicians yesterday joined former opposition leader Kim Young-Sam in a hunger strike to press for the return of democracy in South Korea, Kim's aides said.

Police took Kim, 55, to a Seoul hospital yesterday seven days after he started a hunger strike. His aides said he was refusing food or medical treatment.

Kim was a presidential contender in 1980, but was banned from national politics in May that year by President Chun Doo Hwan and has been under house arrest since June.

Aides said 15 opposition politicians, all members of Kim's now-defunct main opposition New Democratic Party (NDP), yesterday went on hunger strike to support him and were later joined by four others.

The politicians had been under house arrest since Monday when they unsuccessfully tried to hold a meeting in a Seoul hotel to discuss Kim's action.

The politicians said in a statement they were joining the protest to back Kim's demands and called on South Koreans to support them in restoring full democracy.

In an earlier statement, Kim urged the release of people jailed for opposition activities, the lifting of constraints on former politicians and a constitutional amendment to allow direct presidential elections.



**CREDIOP**

CONSORZIO DI CREDITO PER LE OPERE PUBBLICHE

HEAD OFFICE IN ROME  
VIA QUINTINO SELLA, 2  
REPRESENTATIVE OFFICES:  
MILAN  
CORSO EUROPA, 12  
NAPLES  
VIA MEDINA, 40

## BALANCE SHEET AS AT 31st DECEMBER 1982

ASSETS	(US \$ 000)	LIABILITIES	(US \$ 000)
Loans	13,336,312	Capital	15,000
Investment securities	460,436	Reserves	243,074
Liquid funds	616,355	Risk funds	846,292
Other amounts receivable	1,379,934	Bonds and other means of provision	13,161,718
Miscellaneous assets	234,042	Bondholders	1,210,027
		Loans in course of distribution	248,120
		Sundry debts and various items	113,445
		Other liabilities	87,269
		Profit for the financial year	102,134
	16,027,079		16,027,079

The first complete financial year after the changes in the Institute resulting from the incorporation of ICIPU and the adoption of the new statute, closed on December 31st, 1982. Loans disbursed in 1982 amounted to US \$ 1,024 million, with an increase of 77% compared to the previous year; 44% of these were disbursed to local and public Bodies, 35% to Enterprises and 21% for financing Exports.

The total of loans outstanding at the end of the financial year stood at over US \$ 13,300 million.

The profit and loss account for the financial year, influenced by some entries of extraordinary nature, closes with a net profit of US \$ 102 million, after allowances for a total of US \$ 164 million.

The Stockholders' Meeting assigned US \$ 99 million of the profit to further increasing the reserves, which thus reach US \$ 342 million.

The Balance Sheet of 1982 has been certified in its entirety by Messrs. Peat, Marwick, Mitchell & Co.

(All amounts expressed in USA Dollars. Amounts converted at the rate of Italian Lire 1,370=US \$ 1.00)

## Teksid. Metalworking technology. At the service of the world's automakers.

### Teksid is a leader

The challenge posed by worldwide competitiveness makes it essential to choose exactly the right thing at the right time. Teksid has therefore concentrated its efforts on metal components for the transportation industry. It holds a position of the first rank, thanks to its aluminium foundry, its iron foundry, pressing and nuts and bolts operations, and has asserted itself as a leading firm in terms of size, number of plants, and technology.

### Teksid stands for technology in metalworking

The part played by research in the metalworking sector is essential. Through its over 60 years' experience in the production of metal components, Teksid has acquired the knowledge clearly apparent in some of its most sophisticated products, such as permanent-mould aluminium

castings of complex design, its in-mould process for the fabrication of nodular iron castings, and its use of cold extrusion for the manufacture of steel parts with superior mechanical and geometrical characteristics.

### Teksid stands for technology throughout the world

Teksid supplies its products (cylinder heads, manifolds, gearboxes, aircraft final drive housings, engine shafts and blocks, con rods, sleeves, struts for suspensions, constant-velocity joints, gearshafts, nuts and bolts, etc.) to prestigious manufacturers all over the world: Aeritalia, Agusta, Alfa Romeo, Boeing, Chrysler, Citroën, Cummins, Fiat, Ford USA, Ford UK, General Motors France, Giat, Girling, Lemforder, Lombardini, Peugeot, Piaggio, Renault, etc. Names that offer the best possible proof of the high technological level attained by Teksid.

**Teksid**

Teksid: the Fiat Group's metalworking operation



## AMERICAN NEWS

## UK links Falkland troop cuts to formal end to hostilities

BY JIMMY BURNS IN BUENOS AIRES

THE THATCHER Government has issued Argentina with a veiled but potentially significant hint that it would modify its hitherto tough stance on the Falklands issue in its next five-year term, if re-elected on June 9.

The message was delivered to Genta, the mass circulation weekly magazine by Mr Cranley Onslow, the UK Minister of State for Foreign Affairs, in the first full interview with senior UK officials to be published by the Argentine media since the outbreak of the Falklands war in April last year.

"It is our wish, and one which I am sure is widely shared in this country, to live at peace with Argentina and to move towards a more normal relationship. I am not going to predict the outcome of the general election... but I doubt whether it will significantly affect this approach," Mr Onslow said.

The Minister criticised the attitude of sectors of the current Argentine military regime for their continuing refusal to declare a definitive end to hostilities "which they themselves began," or to renounce the future use of force.

But in an apparent olive branch to a future democratically-elected Argentine Government, Mr Onslow indicated that Britain might consider diminishing its troop presence on the islands as a basis for negotiation if and when a formal cessation of hostilities was declared.

Replying to a question on the Thatcher Government's "Fortress Falklands" policy, Mr Onslow denied that the British military presence on the

islands was an offensive deployment of force and said that it was not a "posture of Government's choosing."

"Plainly, if the external threat were to be removed and we could be confident that it would not be renewed, this would certainly make it possible for us to reconsider what level of defence would be most appropriate under such changed circumstances."

There was no immediate public response yesterday from the Argentine Government. Sources close to it confirmed, however, that hardline sectors of the armed forces remain opposed to formally declaring hostilities at an end.

However, prospects that Argentina might reciprocate by adopting a more moderate stance, if and when a civilian Government is elected on October 30, improved this week. Sr Leopoldo Tettamanti, a former Foreign Ministry official, has been named as Foreign Minister in a future Peronist government, became the first Argentine politician to favour publicly a formal cessation of hostilities.

Sr Tettamanti said that the Peronists should be prepared to lay the ground for a new understanding between Britain and Argentina. "The future elected government (in Argentina) should be prepared to sign a de jure cessation of hostilities linked to the withdrawal of British troops from the Malvinas," he said.

Mr Onslow said that the British military presence on the

## First death of U.S. adviser in El Salvador

By Reginald Dale, U.S. Editor, in Washington

THE NEWS of the first killing of an American military adviser in El Salvador on Wednesday seemed certain to increase Congressional and public resistance to U.S. involvement in the Central American conflict.

In his first reaction to the slaying, however, President Ronald Reagan insisted that it would in no way affect the strength of his Administration's commitment to the U.S.-backed right-wing Salvadoran Government.

Although final conclusions had not yet been drawn as to the motives of the killing, or the identity of its authors, there had been indications for some time that the left-wing guerrillas were about to step up terrorist activities, Mr Reagan said in a television interview.

Nobody claimed responsibility for the murder of a naval Commander Albert Schaufelberger, who was shot four times in the head in his embassy bullet-proof car. The car had the window open as he waited for a friend.

Cmdr Schaufelberger, 33, was the deputy commander of U.S. military advisers who have been in El Salvador since 1981. The total number of advisers is restricted to 35 under a self-imposed Administration limit, but there are normally fewer than 35 advisers in the country at any one time.

He was the ninth American to die in El Salvador since the start of the civil war, but the first military officer—the others have included a nurse, trade unionist, a freelance reporter, and a tourist.

Cmdr Schaufelberger's death followed only a day after an opinion poll showed widespread public discontent with Mr Reagan's plans to step up military aid to the Salvadoran Government, and strong opposition against any move to dispatch U.S. combat troops to the region.

Congress, which is trying to restrict and attach conditions to U.S. military aid to the region, is likely to be particularly sensitive to the officer's death. The outcry, however, would almost certainly be considerably greater if Cmdr Schaufelberger had been killed in combat with the guerrillas, in which U.S. military advisers are strictly forbidden to take part.

Reginald Dale, U.S. editor, in Washington previews the Reagan style in summitry

## Toasted goat cheese and briefings in French

MR DONALD REGAN, the U.S. Treasury Secretary, let the cat out of the bag the other day.

President Ronald Reagan won't need to mug up the details of the Williamsburg summit, which starts tomorrow, he told a group of reporters in an apparent effort to be reassuring, because there will only be time for broad generalities. His audience was unsure whether to be alarmed or relieved.

In almost every respect, the summit's all-American setting is tailor-made for Mr Reagan. The old town's painstakingly restored, rather smug-looking colonial houses will provide the ideal backdrop for the television cameras as Mr Reagan plays his ceremonial role of host to the Western world's leaders. He will not even be required to say much in public, other than read out a prepared 10-minute script at the end.

In the original colonial capital of Williamsburg, he will be surrounded by symbols of the homespun values of the early pioneers, particularly their conservative respect for religion and the market place and their aversion to taxation. Many of these values Mr Reagan embraces today.

Meals will act as a showcase for the best in American cuisine, ranging from Cajun popovers to North Carolina-style barbecue and Californian post-chose on toast. The leaders will be encouraged to chat in neighbourly, American style



land. But Mrs Thatcher should still feel at home on her whirlwind 24-hour stopover. The old town still boasts original names like North and South England streets, and the main thoroughfare is dedicated to a one-time Duke of Gloucester (still pronounced the English way).

Her private accommodation, the Chiswell-Bucktrout house, has an "unusual" 18th century English roof and would look highly suitable beside a Surrey golf-course. She will have the King's Arms tavern across the street. (FT aficionados will note that the honour of staying in Bracken House has been accorded to Mr Pierre Trudeau, the Canadian Prime Minister.)

It is the pubs, above all, that betray the town's British origin. Rows and rows of them, with names like the Red Lion and the Sir Walter Raleigh (for services to tobacco, the colony's main export).

But the Raleigh tavern, where the leaders will repair for Sunday lunch, is also chock-

ful of American heritage. George Washington, Patrick Henry and Lafayette all dined in the restaurant and Thomas Jefferson once complained of a "wretched" hangover after carousing there.

In 1789, "indignant bourgeois" gathered at the tavern to draw up a boycott of British goods—an event that can be interpreted either as a distinctly unhelpful example for a summit that is trying to combat protectionism, or a useful historical precedent for Mr Reagan's belief in trade as a political weapon.

The 4,000 or so media camp followers, who have presented the main headache, and much of the expense for the summit organisers, are to be entertained less lavishly in a one-acre canvas tent that easily covers the eight tennis courts underneath it. Their eating arrangements, largely provided free by private enterprise to keep costs down, include Cornish game hens, pretzels and "Hawaiian-style" extra-thick potato chips.

A special international Press centre has been set up over the \$7m the event is expected to cost, including the installation of air conditioning to cope with what are expected to be sweltering temperatures running well in the 90s. The French attracted considerable American odium at last year's summit when they laid on central heating in the Versailles Press centre in the

middle of a freak heatwave. Far from exacting retribution, the Americans are showing unusual graciousness to the French Press, who are to get the biggest briefing room in Williamsburg—bigger even than that laid on for the spotlight and fuzzy White House Press corps.

An historic precedent was set on Wednesday when the Administration staged the first ever official U.S. briefing in French (at the express request of the U.S. embassy in Paris) to a slightly bemused audience of seven.

If the leaders' conversations are meant to be private, the advance publicity has been overwhelming. The U.S. Mr Reagan will have given no less than nine or 10 separate briefings, all virtually identical, by the time the summit begins.

Meanwhile, the Americans have cut the Gordian knot to solve one long-running source of summit contention. At first, the summits were called meetings of Heads of state and government, at French insistence—France's President is both. A few years ago the French backed down and allowed the shorter, though still cumbersome "Heads of Government" that still failed to exclude the president of the European Commission, who is head of neither. American officials have now come up with the perfect, if somewhat inelegant, answer. They now simply call the eight participants "The Heads."

## Brazil poised to wield axe on public spending

BY ANDREW WHITLEY IN RIO DE JANEIRO

THE BRAZILIAN Government is preparing to make severe cuts in public spending, in an effort to restore credibility to its faltering economic adjustment programme.

The axe is expected to fall on welfare subsidies and on government support for Carlos Langoni, the central bank governor, savings in these areas could run to Cruzeros 2 to 2.5tn (up to \$3.5bn).

The measures will probably be announced early next week. By then M Jacques de Larosiere, the head of the International Monetary Fund, is likely to confirm that the disbursement of the next tranche of the IMF's \$4.9bn loan to

Brazil is to be delayed, mainly because of the Brazilian Government's over-spending in the first quarter.

Sr Langoni said on Wednesday that the government's aim was to "break inflationary expectations, create conditions to permit a reduction in real interest rates and allow an orderly recovery."

Apart from the reductions in direct and indirect subsidies which Sr Langoni said would cut the public sector deficit by 2 per cent of gross domestic product, the government is also planning to reduce its own public sector wage bill by virtually eliminating fringe benefits.

## Cuba asked to take back refugees

By Dan Foreign Staff

THE U.S. Government has formally asked the Cuban Government to take back some 125,000 Cubans who left the island during the boatlift from the port of Mariel in 1980.

The question of the "undesirables," some of whom had criminal records before they were sent from Cuba to the U.S., had been at issue between the two governments for several years.

On several occasions the Cuban Government—which privately admits that some trouble-makers were among those expelled from the country in the boatlift—has said it is prepared to discuss this

## U.S. reduces natural gas imports from Mexico

BY WILLIAM CHISLET IN MEXICO CITY

THE U.S. has reduced its imports of Mexican natural gas from 300m cubic feet a day to 180m cu ft, and the two have agreed to reduce the price by 54 cents to \$4.40 per million British Thermal Units.

The new arrangement means that Mexico, which made it unprofitable to export gas to the U.S., will suffer a \$165m drop in revenues this year from its natural gas exports.

At the same time, Mexico announced that Mexico's oil exports averaged 1.54m barrels a day in the first four months of the year, slightly above the target of 1.5m b/d.

demands for a 50 per cent emergency wage increase, warned unions not to settle for less than 25 per cent, AP-DJ adds.

The Mexican Labor Federation set the new bargaining minimum and said percentage increases will depend on negotiations between individual unions and management.

Union leaders softened their demands in apparent response to an appeal for moderation last week by President Miguel de la Madrid, who also asked businessmen to settle for less profits.

The President said that Mexico's economic crisis is beginning to touch bottom, but it will take another three years of sacrifice and hard times before recovery begins to set in.

Labour leaders have reduced

## Bill passed to pay for Pershing

● The U.S. House of Representatives yesterday passed a Supplemental Appropriation Bill which included \$454m (\$288.25m) for the purchase of 91 Pershing-2 medium-range nuclear missiles. Renter reports from Washington.

Nato plans to start installing the Pershing and Cruise missiles in Europe in December unless the Soviet Union agrees to reduce substantially its

medium-range missiles.

The Bill, which has yet to be approved by the Senate passed by 308 votes to 82, will prevent many Government programmes from running out of money before the start of the new financial year on October 1.

Other measures included \$11m for food aid to the poor and \$40m for restoring the Capitol's historic West Front.

## WORLD TRADE NEWS

## PARIS AIR SHOW

## A-320 launch unlikely before late summer or autumn

BY MICHAEL DONNE IN PARIS

THE FORMAL launch of the projected European seat airliner, the A-320 from Airbus Industrie, is not now likely before the late summer or autumn of this year, because of the current financial difficulties of the world airline industry.

Although Airbus Industrie—the European airliner manufacturing group in which British Aerospace has a 20 per cent stake—remains convinced of the long-term market for such a venture, it is still discussing the programme with the airlines, in the hope of winning the orders that are necessary before the Governments involved—primarily the French, West German and British—provide the \$200m to build it.

M Bernard Lathière, president of Airbus Industrie, made it clear at the Paris International Air Show yesterday that since the last show two years ago much progress had been made on the A-320.

A preliminary work-sharing programme with existing Airbus partners (including British Aerospace) had been agreed, whereby those partners would

broadly undertake on any A-320 the same work they are currently doing on the bigger A-300 and A-310 airliners. This means British Aerospace would build the wings for the new airliner.

Provision was being made in the programme for any other prospective partners, such as the Japanese aerospace industry and the Canadian and Australian industries.

M Lathière said that there was now an engine available for the venture—the Franco-U.S. CFM-56 in its Dash 4 version—and the aircraft was being discussed with the airlines with that engine in mind.

Although Rolls-Royce was discussing with Pratt and Whitney, the Japanese and West German and Italian engine companies, another new engine, the "2500," so far "no-one has given me a price or a delivery date or even made on the A-320," M Lathière declared.

Until he had these, that new joint engine venture could not be seriously discussed, although he was sure that eventually it

would be forthcoming and would be offered to the airlines. "Our aircraft is designed to adapt any engine," he declared.

As to development cash, "we are talking with the governments," he went on, "but we have not yet begun a final approach. First we needed an engine, and now we have that with the CFM-56-4. Now we are trying to find the orders. When we have those, we can go to the governments and say: Now we need the money."

He thought this situation would not arise much before the end of the summer "about mid-September," although even that date was not a firm commitment. "It all depends on the market."

Many airlines had shown interest in the A-320, but no-one had placed a firm order—apart from Air France, which has a "conditional" order for 25 aircraft, subject to the project going ahead. The response was nevertheless encouraging, but the revival in the economic fortunes of the world air transport industry was slow in coming.

## Why Gatt and IMF are getting together

BY CHRISTIAN TYLER, WORLD TRADE EDITOR

ONE OF the least contentious ideas for debate at the weekend's seven-nation summit in Williamsburg is that the International Monetary Fund should help the Gatt pull the free trade cart through the mire of recession.

Officials at both institutions appear keen for the summiters to add their political weight to the proposal, which has been germinating for some time but was brought to the fore at last month's Paris meeting of the summit countries trade and finance ministers.

The purpose of closer collaboration would be to tackle the enormous debt problems of developing countries in a way that will keep trade flowing. It is based on the now widely-accepted thesis—long promoted by the less developed countries (LDCs)—that economic recovery, the North and financial salvation in the South are interdependent.

It means persuading industrialised countries that it is in their interest to keep their markets open to developing nations' imports since their banks will only face greater

problems if borrowing countries cannot cover their debt with export earnings.

At the same time, the borrowers would be bailed out on terms that allowed them to increase imports and encouraged them to dismantle import controls. Apart from keeping trade alive, that meant satisfying the lenders' complaints that they get no export benefit from supporting their debtors financially.

The IMF claims that it is already striking a different balance in its prescription for borrowers. The deal with Mexico provided for a "moderate" increase in exports in the first year; a higher increase was budgeted for Argentina. The Brazilian package is meant to increase imports in the second or third year. Import restrictions in India and Pakistan were eased.

It is not easy for the Fund to square the circle—though its charter requires it to foster balanced growth in international trade. IMF and Gatt are still vague. One suggestion that Gatt officials should accompany



M Jacques de Larosiere

IMF rescue parties, does not appeal to either side. There are some political problems, too. For example, the IMF has the leverage with governments that the Gatt lacks.

But the conditions it attaches to its loans have made it unpopular with some developing countries in the past—and the Gatt would not care to be seen as an agent of the IMF.

For that reason, too, the Gatt may not want too robust or too definitive an endorsement for collaboration from the seven industrialised nations at Williamsburg this weekend.

There seems to be no fundamental difficulty, however, in putting the two institutions into the same groove. The real task would be to bring the two governments to play their part.

The Gatt finds it difficult to bring trade ministers round to its point of view. Finance Ministers seem to be more co-operative. Both the IMF and the Gatt would like to see more liaison between trade and finance ministers—a process begun at the Paris meeting where the Gatt-IMF group was launched.

The two institutions already

have formal connections. When the Fund, under its Article Four, holds routine, rather than emergency, talks with countries—as it did with France recently—it asks the Gatt beforehand for advice on that country's trade restrictions.

This new consultative function of the Fund, incidentally, would give it the opportunity to put some anti-protectionist pressure on Ministers.

Again, the Gatt has for long been required under its own Article 15 to talk to countries when they introduce trade measures to cure balance of payment problems. In these cases, Gatt talks to the Fund to find out what the balance of payment problems are. In these

Indeed, the Fund is the only major international institution with which the Gatt has a procedural relationship. If the Williamsburg summiters provide the political show required M Jacques de Larosiere, managing director of the IMF, and Mr Jacques de Larosiere, managing director of the IMF, and Mr Arthur Dunkel, Secretary-General of the Gatt, could be seeing a lot more of each other in future.

## France puts emphasis on arms

BY DAVID MARSH IN PARIS

WHEN PRESIDENT Francois Mitterrand opened the last Paris Air Show two years ago just after taking power in May 1981, he caused a stir by asking that armaments be covered up on the aircraft laid out for display.

The gesture was magnificent—but hardly in keeping with the realities of war. When he ceremonially opens the latest air show today—unless a miraculous clearing-up job has taken place overnight—the President will have to take care not to trip over the wide-ranging assortment of missiles and rockets littering the exhibition site at Le Bourget.

For the Press day yesterday, the display of civilian aircraft—and even the U.S. Space Shuttle on show amid high security—were pushed into the background. Combat aircraft roared overhead.

For the eyes of the Press and the lenses of the cameramen—weapons now entered into folklore as a result of the Falklands war—the French Exocet missile,

the British Sea Wolf and Rapier missiles—were laid out with prominent effect.

The prominence only partly reflects the Falklands campaign. The Malaise in the world civil airliner market has caused France and other countries to turn ever more towards sales of fighter aircraft and missiles abroad to maintain employment in the aeronautics industry.

Underlining the new business-like approach in France, M Jean Martre, the head of the Government's Armaments Directorate which is responsible for weapons sales abroad this month was nominated as chairman of France's nationalised aerospace company Aerospatiale following the retirement of Gen Jacques Mitterrand, the President's brother.

If the layout is kept in place, President Mitterrand will pass by today about 100 French bombs and missiles scattered like pebbles on a beach.

A Dauphin helicopter gunship for anti-guerrilla activities is also on display. So is a

"goalkeeper" missile defence system manufactured by Signaal of Holland which promises "sure protection, sure hits, sure kills."

The Exocet was only modestly displayed yesterday, on board an Aerospatiale Super Puma helicopter. The British were, however, pulling out all the stops to capitalise on the Falklands campaign.

The British Aerospace Sea Harrier was displayed as having shot down more than 20 aggressor aircraft during the war; the Rapier was "tried, tested and proven in action"; the Sea Wolf and Sea Dart were "combat proven in the South Atlantic."

The British Aerospace Harriers and weapons systems destroyed 47 aircraft confirmed, plus nine probables, during the Falklands campaign, according to the company's placards—quoting from the best source of publicity material, the British Government's White Paper on the Falklands published in December.

## Britannia woos Swedish business community

BY KEVIN DONE, NORDIC CORRESPONDENT, IN STOCKHOLM

LEADERS of the City of London took to the sea yesterday aboard the Royal yacht Britannia to try to open up new links to the Swedish business community.

With the Queen away on travels around Stockholm and Sweden, Britannia was put to use for only the second time in its history as a marketing platform for the goods and especially the financial services of Great Britain Limited.

"It's an impressive sales pitch," admitted the Chief Executive of one leading Swedish multinational, as the yacht set sail.

The prospect of cruising the Stockholm Archipelago for more than seven hours aboard Britannia was sufficient to attract much of the cream of Swedish industry and banking.

The first time the Britannia was used in Naples in 1980 as the venue for a business conference the commercial results included the stimulation of new business worth around \$500m.

The UK has for long been ranked as one of Sweden's three largest trading partners, but

yesterday the UK business community aimed its efforts aboard Britannia particularly at increasing Anglo-Swedish co-operation in international construction.

The biggest success to date was the winning last year of a \$68m, hydroelectric scheme in Indonesia, against stiff competition from France, by a consortium led by Skanska and Asea from Sweden, and Balfour Beatty from the UK. The deal does not appear threatened by the current, extensive foreign contract rescheduling in Indonesia.

Construction projects in third countries are seen as one of the best ways of stimulating joint ventures between Swedish and UK industry, financial institutions and consulting firms.

Anglo-Swedish business contacts have a long history. The first friendship and trade treaty between the two countries was signed in 1654—ironically, given yesterday's venue of Britannia. It was signed for England, on behalf of Oliver Cromwell.

A little earlier, the Swedish King Erik tried to woo Eliza-

beth I, a temerity reflected in modern Swedish businessmen, claimed Mr Peter Wallenberg, Chairman of various Swedish multinational companies.

UK officials are keen to maintain the momentum in Anglo-Swedish business contacts, created by the Royal visit to Stockholm. A small number of leading businessmen and bankers from both countries are discussing the formation of an informal Anglo-Swedish "Club" to try to channel contacts for the future.

Two-way trade between Sweden and the UK totalled more than \$3.6tn last year with UK exports worth \$1.9tn, and Sweden supplying goods worth £1.7tn to Britain.

Swedish companies already have more than 430 subsidiaries operating in the UK itself, but British officials are now keen to promote more joint ventures outside the immediate home markets.

Sweden's political neutrality offers attractions in certain difficult overseas markets for UK contractors, while UK financing and especially aid packages, have been vital in

persuading Swedish contractors to operate with a British partner.

Concentration on construction projects was also aimed yesterday, said a UK official, "at avoiding another lecture by the City. The Swedes are more intelligent than to need that."

Financial services do lend themselves well to Britannia, as a business venue. "You have to keep the gravitas of the Royal yacht... you cannot have simple shows, or fashion shows."

As Britannia steamed between offshore islands, the Earl of Limerick, a director of Kleinwort Benson, the London merchant bank, offered both sides a poetical morality tale, to guide future dealings: "One banker lent from a marbled hall, his projects picked with a crystal ball. The dawn all burst, the trails derailed. I heard last week his bank had failed."

"Another travelled far and wide, and sweated by his clients' side. He'd skills as well as cash to lend—that one's just raised his dividend."

## OECD's oil import bill set to fall

By Richard Johns

THE COLLECTIVE oil import bill of member states of the Organisation for Economic Co-operation and Development will fall to \$132bn in 1983 from \$202bn last year, according to the Munich-based IFO Economic Research Institute.

As a result of the \$5 per barrel cut in the Organisation of Petroleum Exporting Countries' prices, the Institute calculates that member states' overall growth will rise this year by 0.5 per cent.

It also forecasts a drop in oil consumption by the OECD from 33.5m barrels a day in 1982 to 31.1m b/d this year. Production by member states is expected to rise marginally to 15.2m b/d.

The Organisation of Petroleum Exporting Countries' production is seen as falling from 17.7m b/d to 17.2m b/d while net exports will be down from 17.7m b/d to 16.5m b/d. The Institute anticipates that the OECD stock drawdown will decline from 1.5m b/d to 500,000 b/d.



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## NOTICE OF REDEMPTION

## Lifemark International N.V.

## 9% Convertible Subordinated Debentures Due 1996

(Convertible into Shares of Common Stock of, and unconditionally Guaranteed on a Subordinated Basis as to Payment of Principal, Premium, if any, and Interest by, Lifemark Corporation)

Conversion Right Expires: July 18, 1983  
Redemption Date: July 18, 1983

Lifemark International N.V. has called for redemption on July 18, 1983 all of its outstanding 9% Convertible Subordinated Debentures Due 1996. The redemption price is 104% of the principal amount of Debentures plus accrued interest to July 18, 1983 of \$23.90 for each \$1,000 principal amount of Debentures, for a total of \$1,063.90 for each \$1,000 principal amount of Debentures. The Debentures are convertible into shares of Common Stock of Lifemark Corporation until the close of business on July 18, 1983, at a conversion price of \$31.83 per share (\$21.22 per share after giving effect to a 50% stock dividend to be paid May 31, 1983) or approximately 31.417 shares (\$7.125 shares after the stock dividend) of Common Stock for each \$1,000 principal amount of Debentures. As described below, based upon current market prices, the market value of the Common Stock into which each Debenture is convertible is significantly greater than the amount of cash which would be received upon surrendering such Debentures for redemption. All rights to convert the Debentures into Common Stock of Lifemark Corporation expire at the close of business on July 18, 1983.

NOTICE IS HEREBY GIVEN to the holders of outstanding 9% Convertible Subordinated Debentures Due 1996 (the "Debentures") of Lifemark International N.V. ("International") that in accordance with the terms of the Indenture, dated as of April 15, 1981 (the "Indenture"), among International, Lifemark Corporation (the "Company"), as Guarantor, and Manufacturers Hanover Trust Company, as Trustee, International has elected to redeem all of the outstanding Debentures on July 18, 1983 (the "Redemption Date") at a redemption price of 104% of the principal amount thereof plus accrued interest from April 15, 1983 to July 18, 1983, or an aggregate of \$1,063.90 for each \$1,000 principal amount of Debentures. Debentures, together with all attached unexpired interest coupons, should be surrendered for payment of the redemption price and accrued interest at the option of the holder either (a) (by hand) to Manufacturers Hanover Trust Company, 130 John Street, Receive and Deliver Window (Street Level), New York, or (by mail) to Manufacturers Hanover Trust Company, P.O. Box 1916, GPO Station, New York, N.Y. 10116, Attention: Coupon Paying Department, or (b) subject to any laws or regulations applicable thereto to the country of any such office, to the offices of the additional Paying and Conversion Agents set forth below. Payment of the redemption price and accrued interest will be made in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Payment at the offices referred to in (b) above shall be made, at the direction of the holder, by check drawn on, or transfer to a United States dollar account maintained by the payee with, a bank in the Borough of Manhattan, the City of New York.

On the Redemption Date, the redemption price (plus accrued interest) will become due and payable upon each Debenture and interest thereon will cease to accrue on and after July 18, 1983. After the Redemption Date, the Debentures will no longer be outstanding in the hands of the holders thereof, and all rights of the holders with respect thereto, including accrual of interest, will cease on and after such date, except only for the right to receive the redemption price and interest accrued to July 18, 1983.

There have been no prior redemptions of the Debentures and, as a result, there have been no Debentures previously called for redemption and not presented for payment.

The election of International to redeem all of the outstanding Debentures has been made pursuant to the third paragraph of the form of Debenture. The condition precedent to the right of International to redeem the Debentures pursuant to such third paragraph has occurred because the reported last sale price per share of Common Stock of the Company ("Company Common Stock") on the New York Stock Exchange on each day on which there was such a reported last sale price within the 30 days immediately preceding the 15th day prior to the date upon which this Notice of Redemption was first published was at least 130% of the Conversion Price (as defined in the Indenture) in effect on such day.

## CONVERSION OR SALE ALTERNATIVES

Debentureholders have, as alternatives to redemption, the right to sell their Debentures through usual brokerage facilities or, on or before the close of business on July 18, 1983, to convert such Debentures into Company Common Stock. The right to convert the principal of the Debentures will terminate at the close of business on July 18, 1983.

The Debentures may be converted into Company Common Stock at the rate of approximately 31.417 shares (\$7.125 shares after giving effect to a 50% stock dividend to be paid May 31, 1983) for each \$1,000 principal amount of Debentures. In order to effect this conversion, a Debentureholder should complete and sign the CONVERSION NOTICE on the Debenture, or a substantially similar notice, and deliver the Debenture and signed notice, (a) (by hand or by mail) to Manufacturers Hanover Trust Company at the addresses noted above, or (b) subject to any laws or regulations applicable thereto in the country of any such office, to the offices of the additional Paying and Conversion Agents set forth below. Upon conversion of Debentures, no payment or adjustment will be made on account of any interest accrued thereon or on account of any dividends on the Company Common Stock issued upon such conversion, except that Debentureholders who elect to convert Debentures into Company Common Stock on or prior to June 15, 1983 and are holders of record on such date will be entitled to receive the quarterly cash dividend of \$1.15 per share (\$1.0 per share after giving effect to the stock dividend) declared April 27, 1983. No fractional shares are issuable upon conversion. Debentureholders will receive cash, in lieu of any fractional share, in an amount equal to such fraction multiplied by the last reported sale price of the Common Stock, regular way, on the New York Stock Exchange on the day upon which Debentures are surrendered for conversion.

From January 1, 1982, through May 18, 1983, the Company Common Stock traded on the New York Stock Exchange at prices ranging from \$48 1/4 to \$21 1/4 per share, which prices do not give effect to the 50% stock dividend referred to above. The closing price of the Company Common Stock on the New York Stock Exchange on May 18, 1983, was \$46 1/4 per share. At such closing price per share, the holder of \$1,000 principal amount of Debentures would receive, upon conversion, shares of Company Common Stock and cash for the fractional interest having an aggregate value of \$1,464.82. However, such value is subject to change depending on changes in the market price of Company Common Stock. SO LONG AS THE MARKET PRICE OF THE COMPANY COMMON STOCK EXCEEDS \$33 1/4 PER SHARE (\$22 1/4 PER SHARE AFTER GIVING EFFECT TO THE STOCK DIVIDEND), DEBENTUREHOLDERS UPON CONVERSION WILL RECEIVE COMPANY COMMON STOCK AND CASH IN LIEU OF ANY FRACTIONAL SHARE HAVING A GREATER MARKET VALUE THAN THE CASH WHICH THEY WOULD RECEIVE UPON REDEMPTION. FAILURE TO SURRENDER DEBENTURES FOR CONVERSION BEFORE THE CLOSE OF BUSINESS ON JULY 18, 1983, WILL AUTOMATICALLY RESULT IN REDEMPTION ON JULY 18, 1983, BY INTERNATIONAL AT A PRICE OF \$1,063.90 FOR EACH \$1,000 PRINCIPAL AMOUNT OF DEBENTURES.

## IMPORTANT FINANCIAL FACTS ABOUT THE ALTERNATIVES:

Market value of Company Common Stock (including fractional share) into which each \$1,000 principal amount of Debentures is convertible (based upon the last reported sale price of the Company Common Stock on the New York Stock Exchange on May 18, 1983, of \$46 1/4 per share):

- a) including the quarterly cash dividend payable to stockholders of record on June 15, 1983..... \$1,469.52  
b) excluding the quarterly cash dividend..... \$1,464.82

Redemption Price (including accrued interest) for each \$1,000 principal amount of Debentures..... \$1,063.90

## ADDITIONAL PAYING AND CONVERSION AGENTS

Manufacturers Hanover Trust Company

7 Princes Street

London EC2P 2LR England

Manufacturers Hanover Trust Company

Bockenheimer Landstrasse 51-53

Postfach 3727

6000 Frankfurt am Main, Federal Republic of Germany

Kredietbank S.A. Luxembourg

43 Boulevard Royal

Luxembourg, Luxembourg

INFORMATION AGENTS

The undersigned have been retained by Lifemark Corporation to assist it in managing the transactions contemplated herein. Such activities of the undersigned in no way constitute an underwriting of this call for redemption.

The First Boston Corporation

Park Avenue Plaza

New York, New York 10055

Attention: Anne F. Maxwell

Telephone: (212) 909-2132

Credit Suisse First Boston Limited

22 Bishopsgate

London EC2N 4BQ England

Attention: James D. Best

Telephone: (44-1) 283-4200

The method of delivery is at the option and risk of the holder, but, if mail is used, registered mail, return receipt requested, is suggested.

Lifemark International N.V.

Hugh M. Morrison

Managing Director

Lifemark Corporation

William S. Maelley, Jr.

Chairman and Chief Executive Officer

This Notice of Redemption is not and under no circumstances is to be construed as an offer to sell or as a solicitation of an offer to buy any of the securities of International or of the Company.

IT IS URGENT THAT DEBENTUREHOLDERS GIVE THIS MATTER IMMEDIATE ATTENTION. FAILURE TO CONVERT YOUR DEBENTURES TO COMPANY COMMON STOCK PRIOR TO THE CLOSE OF BUSINESS ON JULY 18, 1983 COULD RESULT IN MONETARY LOSS TO YOU IF YOU ELECT TO CONVERT YOUR DEBENTURES. YOU MUST: (A) COMPLETE A NOTICE OF CONVERSION (FOUND ON THE REVERSE SIDE OF THE DEBENTURE OR AT THE CONVERSION AGENTS); AND (B) PRESENT YOUR DEBENTURES AND COMPLETED NOTICE OF CONVERSION TO ONE OF THE PAYING AND CONVERSION AGENTS LISTED ABOVE OR TO MANUFACTURERS HANOVER TRUST COMPANY IN NEW YORK. CONVERSION ON OR PRIOR TO JUNE 15, 1983 WILL ENTITLE YOU TO THE COMPANY'S REGULAR QUARTERLY CASH DIVIDEND IF YOU ARE A HOLDER OF RECORD ON SUCH DATE.

Dated: May 27, 1983

## UK NEWS

## Trafalgar calls Saatchi in to aid P &amp; O bid

BY CHARLES BATCHELOR

SAATCHI AND SAATCHI, best known for its advertising campaigns for the Conservative election effort, is to help draw up the Trafalgar House document detailing its £280m bid for P & O, Britain's largest shipping group.

The move is a radical departure for the City, where the agency will be heavily involved in an area previously the preserve of merchant bankers.

Mr Eric Parker, of Trafalgar, which has shipping, property and construction interests, said: "They are working with our merchant bankers to try to make the whole

thing a little more comprehensible." The document will probably be sent out next week.

Trafalgar House chairman Mr Nigel Brookes revealed on Tuesday, at the time of the bid announcement, that Saatchi had helped in drawing up the company's nine-page release explaining the reasons for the move.

Mr Parker said: "We wanted something that was fairly easy to read so we got Saatchi to sit down with our merchant bankers. I don't want to be too rude about the merchant bankers but some of their wording can be boring."

Mr John Spratt, deputy chairman of Saatchi, said: "My experience has been that the merchant banks welcome us. I can only stand in awe of their expertise in City matters but they are not professional communicators."

"We will be advising Trafalgar House on the presentation of the offer document although large parts of it are very formal and have to be."

Saatchi has a four-man team working with Trafalgar and its merchant bankers, Kleinwort Benson, on the offer document.

## Accounting reform sets fewer standards

By Alison Hogan

FEWER ACCOUNTING standards will be set by the accounting profession in the future as a result of a major reform of the standard setting process announced yesterday by Mr Ian Davidson, chairman of the Accounting Standards Committee (ASC).

A new, non-mandatory Statement of Recommended Practice (SORP) is to be introduced for topics which do not meet all the criteria for an accounting standard. The statement will have no professional sanctions, though companies will be encouraged to comply. There will be no forced disclosure of non-compliance.

The ASC has rejected any building up of its enforcement powers. Instead Mr Davidson said: "We have taken off our jack boots and will be less draconian in the future."

This reform paves the way for a solution to the controversial inflation accounting standard SSAP 10. The principles of inflation accounting will probably continue to be codified in the standard, while different methods of accounting for inflation will be contained in SORPs.

Mr Davidson said the duty of the ASC is to raise the standards and push out the frontiers of accounting in the country, this could not be done through standards alone.

"There are some sectors who have pressing needs for guidance, but the ASC cannot give them sufficient attention, such as banking, shipping, oil and gas and construction."

He suggested that these sectors could set up their own working parties, including the preparers of accounts, the users and auditors and prepare a draft recommendation which the ASC could then approve and "frank" producing another category of "franked" SORPs.

The current accounting reform at Lloyd's of London, which Mr Davidson is heading, would be a suitable candidate for such a franked SORP. The franking process will also probably prove a channel for the closer involvement of the ASC in the public sector without detracting from the Government's standard-setting role in the public sector.

Accounting standards will in future deal only with matters of major and fundamental importance affecting the generality of companies, and which are applicable to all accounts which are intended to give a true and fair view.

## Three-month dip in capital spending

FINANCIAL TIMES REPORTER

DIRECT CAPITAL spending by UK manufacturing industry in the first quarter of this year was \$820m, nearly 5 per cent down on the last quarter of 1982, according to Department of Industry provisional figures to be published today.

The figures also show that if the leasing of assets by manufacturing industry is taken into account, the level of investment is nearly 8 per cent down on the last three months of 1982.

Spending by manufacturing industry contrasts sharply with the distributive and service sectors.

The combined expenditure of the three sectors is only 0.5 per cent down on the final quarter of last year.

Of the total £2.36bn spent by the three sectors, around 70 per cent was accounted for by distributive and service industries.

The Industry Department also says that new orders placed with UK engineering companies were some 3 per cent higher in the three months to February than in the previous three months. On the same comparison, total sales declined by

2 per cent and the level of total orders-on-hand was unchanged.

In the home market, engineering orders fell by 6 per cent the three months to February. There was also a marginal fall in home sales and home orders-on-hand declined by 2 per cent.

In the export market, however, the level of new orders during February was largely responsible for an increase over the three months of nearly 25 per cent. This led to a 4 per cent rise in orders-on-hand for export, although export sales fell by 4.5 per cent.

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## UK NEWS

# Labour affirms Foot speaks for the party

BY IVOR OWEN

THE RIFT within the Labour Party over its non-nuclear defence policy took a new turn yesterday. It was revealed that the party's campaign committee had decided it was necessary to give a virtual vote of confidence to Mr Michael Foot, the Labour leader.

In a remarkable intervention at the party's election press conference, Mr Jim Mortimer, the Labour general secretary, said: "At the campaign committee we were all in agreement that Michael Foot is leader of the Labour Party, speaks for the party, and we support the manifesto (policy document) of the party."

Mr Mortimer volunteered this information after Mr Foot had answered a question about a speech by Mr James Callaghan, the former Labour Prime Minister, in which he repudiated the party's unilateralist defence policy.

Mr Callaghan, aged 71, was leader of the party from 1976 until 1980, when Mr Foot succeeded him. This week Mr Callaghan dissociated himself from party policy by saying that Britain and the West should not give up nuclear arms unilaterally. In particular, he said the UK's Polaris submarines remained an effective deterrent. Labour's official policy is to phase out Polaris.

Asked about Mr Callaghan's speech, Mr Foot highlighted passages in the speech which were in line with party policy and added: "It's a free country and a free party and he is free to give his views."

He stressed: "I speak for the Labour Party. The manifesto speaks for the Labour Party. There are some people who wish to drive rifts or create differences. But it is clear what our policy is."

Mr Mortimer then intervened and, in the words of a Labour Party official afterwards, "dropped a brick of huge proportions."

Mr Mortimer emphasised that it was the unanimous view of the committee that Mr Foot was the leader of the party and spoke for the party.

The implication was that some kind of vote had been taken in the middle of the election campaign to confirm the position of the leader. But this was quickly dismissed by Mr Foot.

He was adamant that "no such question arose." He explained that it had been a routine meeting of the campaign committee which ex-



Mr Callaghan: not in favour of unilateral disarmament

## Thatcher confident unemployed total will not reach 4m

BY OUR POLITICAL STAFF

MRS MARGARET THATCHER, the Prime Minister, told the Conservative election press conference yesterday that she would be astonished if unemployment in Britain, now about 3.25m, climbed above 4m.

She asserted that she remained "cautiously optimistic" about the outcome of the general election on June 9. But her buoyant and relaxed mood reflected the confidence of a prime minister who expects to remain in power.

Opinion polls have consistently shown that neither the Labour Party, the main opposition party, nor the Social Democrat/Liberal Alliance has been able to make significant inroads into the large Conservative lead.

Mrs Thatcher showed only a hint of irritation when replying to questions which suggested that a speech by Mr James Prior, the Northern Ireland Secretary, amounted to implied criticism of her own attitude to the number of unemployed. Mr Prior had emphasised the need to provide hope for the unemployed.

The Prime Minister said the fact that young people were indicating they would be voting Conservative showed "they see more hope for the future with us."

She confirmed that the absence of any undertaking in the Conservative election programme to index unemployment benefit meant that, if re-elected, the Government would retain the option of allowing its value to fall in real terms.

Mr Prior, in a radio broadcast, took care not to exacerbate his strained relations with Mrs Thatcher. He contended that the present level of Government expenditure was "about right" at the moment.

He expressed doubt whether, in view of the present problems associated with interest rates and budget deficits in the U.S., there was much room for greater expansion in Britain.



## Increases pledged for pensions and benefits

BY PETER RIDDELL, POLITICAL EDITOR

AN INCOMING Labour government would immediately raise pensions and other social security benefits this November by the full amount necessary to match the expected rise in prices.

In an attempt to distract attention from the row over defence policy, Labour leaders yesterday concentrated on what the party would do to help pensioners.

This formed the main theme of a statement by Mr Brynmor John, the party's social security spokesman, and of an evening speech by Mr Michael Foot, the party leader.

Mr John said Labour would give an extra £1.45 a week to a single pensioner (up to £38.30) and £2.35 to a married couple (up to £58) to restore pensioners to the same position as if the pension's link with earnings had not been broken three years ago.

Labour would restore the link between pensions and average earnings, and the Christmas bonus would be doubled to £20, he said.

Progress would also be made towards a common pension age of 60. At present, men in the UK retire at 65 and women at 60.

Mr Foot maintained that the Conservative Government had robbed families of more than £80 a child during the past four years because of cuts in child benefit, while a married pensioner had lost £2.25 because the Tories had scrapped the link with earnings.

● Tax incentives to encourage pensioners to take private health insurance and allowances to encourage more people to care for the old and disabled at home are two policy options for a re-elected Conservative government, Mr Norman Fowler, the Social Services Secretary, said.

Mr Fowler said the Conservatives had "succeeded in squashing the idea that we are about to demolish the welfare state," but that it would continue to seek ways of increasing private sector welfare provision.

UK welfare state, Page 17

## Steel launches attack on both main parties

BY KEVIN BROWN

MR DAVID STEEL, the Liberal leader, yesterday dropped the measured style he has adopted so far in the election campaign in favour of an all-out attack on the leaders of both main parties.

In a series of uncharacteristically aggressive speeches during campaign stops in the west of England, Mr Steel was heavily critical of the defence and employment policies of both the Conservatives and Labour.

However, the main thrust of his attack was aimed at Labour, in pursuit of what the Social Democrat/Liberal Alliance leaders see as an increasingly soft Labour vote.

Mr Steel was quick to take advantage of Labour's confusion over defence, which he said was tearing the party apart. He condemned the defence policies of both main parties as "deeply dangerous," but he claimed Labour had ceased to believe in the importance of either nuclear or conventional defence.

"The truth of the matter is that the Labour leaders have lost out. Mr Foot is no longer in control of the party," he said.

Mr Steel has largely avoided personal attacks on the other party leaders, preferring to stress the positive alternative offered by the Alliance. But he accused Mr Foot of presiding over a complete left-wing takeover of the Labour Party.

Mr Foot, he said, condemned candidates from the Militant Tendency (an extreme left-wing faction) and then appeared on a platform with them.

"Those people who left the Labour Party to set up a new organisation (the Social Democratic Party) and link up with the Liberals have been proved amply justified by what has happened in this campaign."

Mr Steel also dismissed Labour's promises to reduce unemployment by 2m in five years as "frankly unbelievable."

He added: "Either Labour leaders know it cannot be kept, in which case they are cynical, or they believe their own propaganda, in which case they are merely foolish," he said.

"Either way there can be few people left in Britain who are not aware that within 18 months of the return of a Labour government, Britain would be back in the international pawn shop."

The Liberal leader accused the Conservative Party of "fast becoming one vast propaganda machine for laying the blame for unemployment on everyone but itself."

He added: "The Almighty himself must be waiting with trembling hands for when the Tories finally pass the buck to him."

Mr Steel said his more aggressive approach was a personal decision, rather than an Alliance tactical gambit. But it comes in the wake of several unscheduled meetings with SDP leaders at a time when the Alliance opinion poll rating is steadfastly refusing to rise.

## Plans to scrap GLC delayed

Financial Times Reporter

MR TOM KING, the Environment Secretary, said yesterday that the Conservatives plans to abolish the Greater London Council (GLC) and the six large metropolitan authorities could not be implemented before April 1986.

He acknowledged that, with this timetable, a new Conservative Government would be faced with the dilemma of whether to allow the local government elections, due in May 1985, to proceed.

The GLC and metropolitan councils are Labour-controlled. Mr King claimed that by abolishing this tier of local government, there would be eventual savings of up to £100m.

## Labour policy 'a disaster'

By Ken Ferris

THE Labour Party's programme would "start the alarm bells ringing in every boardroom in Britain," Mr Walter Goldsmith, director general of the Institute of Directors (IOD), claimed yesterday. He said it would be an economic disaster if implemented.

Mr Goldsmith also criticised the policies of the Social Democrat/Liberal Alliance, which he said were reactionary.

He was broadly supportive of the Conservative programme, although he criticised some of its detail. In particular, he said, it was lacking in ideas on trade union reform and should have a clearer commitment to tax reductions to restore incentives.

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## UK NEWS

## Call for improved conditions at Cowley factory

FINDINGS of a union-management inquiry into industrial relations at BL's troubled assembly plant at Cowley, Oxford, are thought to have upheld many of the complaints made by workers during the recent four-week strike over "washing-up time."

In this dispute the management sought to stop a long-standing practice of ending shifts a few minutes early to allow workers time for washing.

A report to be considered in national negotiations to end the still unresolved dispute is understood to suggest there are grounds for work-

er complaints about swearing and abuse from management.

The report of the four-man inquiry urges senior managers to maintain standards and calls for an immediate improvement in working conditions, health and safety measures, and consultation with the workforce.

Representing the company was Mr Jim Donaghy, director of the Longbridge body and assembly plants, and Mr Norman Haslam, Austin Rover's employee relations director. For the trade unions there were Mr Bill Jordan, Birmingham

divisional organiser of the Amalgamated Union of Engineering Workers, and Mr Bill Lapworth, a regional secretary of the Transport and General Workers' Union.

The main thrust of the report is likely to be directed towards the need to reform the structure of the trade unions at Cowley assembly to ensure adequate representation of all shop-floor opinion. This has been a long-running problem at the factory, where the trade union leadership has struggled to assert authority and co-ordinate the interests of different sections of workers.

Management may take some comfort from the evidence of the shop stewards to the inquiry about the need to achieve internationally competitive levels of efficiency.

The inquiry is thought to have rejected complaints about undue effort on the part of workers, pointing out that change must be accepted for Cowley to remain competitive.

Cowley shop stewards, in a document issued yesterday to mass meetings of the 5,000 assembly workers who voted almost unanimously to continue the fight to retain washing-up time, commented

on the fair hearing they had received from the inquiry.

Early implementation of the recommendations contained in the report could be an important factor in resolving the washing-up time dispute. Union leaders complained throughout the strike that "the authoritarian attitude of management was at the heart of the original walkout."

Improved relations at the plant since the return to work nearly four weeks ago have been important to the high levels of output achieved. Last week saw a 10-year record with 5,700 vehicles assembled.

## Rolls long-term plan will determine aero-engine ventures

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE, the UK state-owned aero-engine manufacturer, is preparing a long-term strategic plan that will determine which new aero-engine programmes, civil and military, it will undertake during the rest of this century.

The strategic plan was devised by Sir William Duncan, who joined the board late last year and took over as chairman on April 1 on the retirement of Lord McFadzean.

Sir William has quickly made up his mind that one of the main problems facing the company is the amount of investment that will be needed throughout the rest of this century, not only to continue all the current civil and military engine ventures, but for any new engines that the world market may require.

This investment could amount to many hundreds of millions of pounds - some estimates put it close to £1bn. Much of it would go into research, development and initial production which would not yield profits for many years.

In view of the company's financial situation - it lost more than £130m last year - it is clear that while some of the new investment can be found internally, most of it (especially for military engines) will have to come from the Government.

The question facing the company and the Government is whether it is necessary or desirable for Rolls-Royce to continue to provide new engines across the spectrum of civil and military aerospace, or whether limited cash resources should be spread over a smaller number of industrially significant and economically viable programmes.

Some current programmes, such as the RB-199 engine for the Tornado, the prospective Experimental Aircraft Programme on the military side and the Dash 535 version of the RB-211 engine for the Boeing 757 and other airliners, are considered inviolable.

But there are other programmes for which the outlook is less clear, even though the company itself is anxious to undertake them. Those include the development of a new RB-401 small jet engine, to replace the Viper, which powers many smaller civil and military jet aircraft world-wide. Another is the RTM-322, a new engine initially aimed at helicopters, but capable of adaptation for use in other types of aircraft.

In each case, Rolls-Royce believes the "core technology" involved in the engines is sufficiently revolutionary to justify spending money on their development. But since the investment will be high, it has to be carefully considered.

The strategic plan - which is expected to be completed later this year - is also important in that it will enable the Government to assess in greater detail the company's longer-term prospects with a view to any eventual privatisation, in the event of a Conservative victory in the general election.

Although Rolls-Royce has for a long time been on the Government's list of state-owned companies suitable for return to the private sector, current lack of profitability and the likely scale of future investment are stumbling blocks to any successful sale of shares.

## Japanese-style quality circles gain support

By Brian Groom

BRITISH COMPANIES which have introduced Japanese-style quality circles, believe the number of employees involved in them could treble, according to a survey by Dr Barry Dale of the University of Manchester Institute of Science and Technology.

Quality circles are small groups of workers who meet regularly to solve problems and improve aspects of work. They started in Britain five years ago, and interest has steadily grown.

Dr Dale, who has helped introduce quality circles at Leyland Vehicles, disclosed the results of research in 88 manufacturing companies to the first conference of the recently-formed National Society of Quality Circles in London yesterday.

He found the attitude of local trade unionists encouraging. If shop floor employees and the local union leadership felt the adoption of circles would best protect jobs in highly competitive industries, they tended to push ahead regardless of national union policy, he said.

## Bank launches high interest cheque account

By Alan Friedman, Banking Correspondent

THE BANK of Scotland, which is 30 per cent owned by Barclays Bank, is introducing a new high interest cheque account designed to attract deposits from the upmarket personal sector and from companies.

The account, to be called the Money Market Cheque Account, will pay interest which is based on money market rates and will offer customers a cheque book through the bank's main London branch.

The Bank of Scotland said yesterday that the new facility was designed to supplement its existing deposit base, which has been eroded by the trend among customers toward high interest accounts outside the banking sector.

## Reed acquisition

REED PUBLISHING, the business publishing division of Reed International, has acquired the New York-based Fischer Medical Publications as part of a strategy for developing into potential growth areas.

## Reporting award

JOHN ELLIOTT, industrial editor of the Financial Times, was yesterday named industrial reporter of the year in the Blue Circle Industries' 1983 journalism awards. The award includes a £500 prize.

## UK power costs

ELECTRICITY charges in the UK are cheaper than European tariffs, contrary to a headline in yesterday's Financial Times suggesting otherwise.

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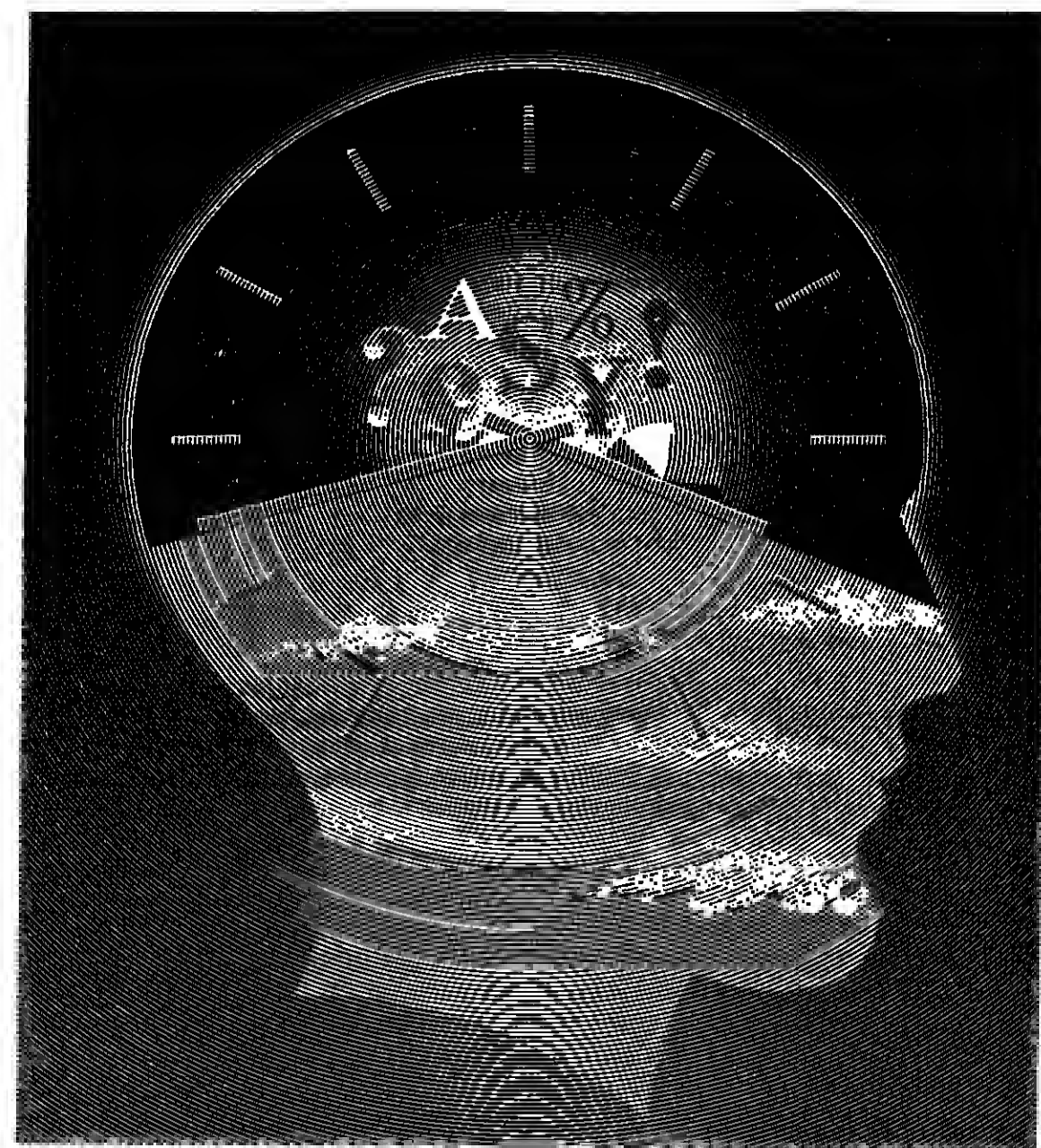
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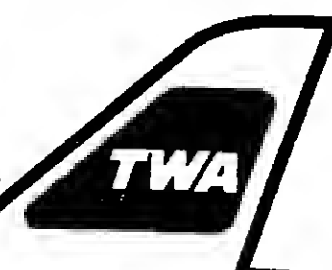
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# THE PROPERTY MARKET BY WILLIAM COCHRANE

## Rents down in real terms

EVIDENCE OF any real recovery in rents remains very thin on the ground despite the improvement in lettings during the first quarter of this year.

Rents in current prices hint at an upturn but there is little sign of this when inflation is taken into account," according to the latest Investors Chronicle Hillier Parker Rent Index which says that rents are still falling in real terms.

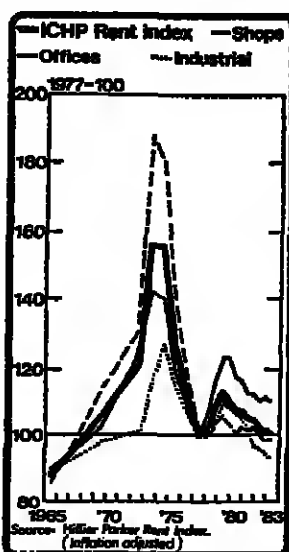
According to the indices, commercial property rents after adjusting for inflation fell at an annual rate of 1.8 per cent between November 1982 and May this year.

Nonetheless, the figures represent a slight improvement over those for the corresponding period a year ago when rents after adjusting for inflation were declining at an annual rate of 4.2 per cent.

The last time that rents displayed any constant real growth was in the late 1970s. Between May 1977 and May 1979 the ICHP index, adjusted for inflation, rose from 100 to 112, a period of uninterrupted growth when property outperformed most rival investment vehicles.

Since the first half of 1979 rents have declined in real terms and the ICHP index now stands at its 1977 base level of 100.

In cash terms rents rose between November and May at an annual rate of 3.5 per cent compared with an annualised



rate of 2.1 per cent in the preceding six months.

Top performer was again shops which saw rents rise at an annual rate of 4.6 per cent (0.7 per cent fall after adjusting for inflation).

If shops remain the top performer, offices enjoyed the greatest improvement. According to the ICHP indices office rents are currently rising at an annual rate of 3.9 per cent compared with just 1.7 per cent, six months previously. After adjusting for inflation office rents fell by 1.4 per cent in the six months to May.

Industrial properties remain the laggards, as might be expected given the large numbers of factories and warehouses still lying idle.

Industrial rents in the past six months rose by only 1.1 per cent which means that rents in real terms are presently falling at around 4 per cent a year. Hillier Parker says that the latest rise in shop rents, although slightly ahead of the previous six months, "is still the second lowest increase on record."

"Office rents have shown the largest improvement, with the rate of growth doubling during the past six months. Offices in the prime central area banking and financial district in the City of London are continuing to show real growth ahead of inflation despite the high level of space available in central London."

The latest set of depressing statistics comes as some in the property industry believe that the sector is over the worst and may be poised to stage a modest recovery, that is if the economy continues its gradual climb out of recession.

The signs may be there in terms of higher lettings and reports of a growing level of inquiries from industry and commerce but it could be some time yet before this starts to show through in improved rents, judging by the latest figures from ICHP.

ANDREW TAYLOR

## Royal active in home counties

ROYAL LIFE Insurance is funding two office developments worth an aggregate of nearly £8m in the home counties. The first, for a completed investment value of around £4m, is the 21,750 sq ft Easton House, Easton Street, High Wycombe to be developed by Speyhawk and Easton Street Developments.

The second, for joint developers Redlake Securities and City & Urban Securities, is a £3.5m, 30,000 sq ft building of four storeys at Tweedy Road, Bromley. St Quintin advised Royal Life, Savills and John Graham Speyhawk, and Adrian Tutchings & Associates Redlake and City & Urban.

In a happier than usual relocation story, electronics company R S Components is to move to custom built 200,000 sq ft premises on a new 27-acre greenfield site in the Weldon Enterprise Zone near Corby.

The company has "burst at the seams" because of its growth over the last 10 years and Jones Lang Wootton, with Henry Davis and Company, have been asked to dispose of its 57,500 sq ft warehouse/office building at 37/45 City Road, London E.C1. Current rental is £2.50 per sq ft and there is no premium.

In their City floorpace

survey for April, Richard Saunders says that space let, placed or under offer within the City of London during the month amounted to 145,039 sq ft and included Atlas House, King Street (44,655 sq ft) and part of Princess House, Bush Lane, Cannon Street (20,470 sq ft). Total office accommodation available shows a further increase to 3,410,140 sq ft, the highest figure since July 1977.

British Telecom has taken nearly 20,000 sq ft in Phase II of ESN's Cloth Hall Court scheme in Leeds.

Merivale Properties has let the entire four floors of office accommodation in its 10,000 sq ft Merivale House development at Brompton Place in London's Knightsbridge to Sonangel, the state-owned oil corporation of Angola, at a rent in excess of £18 per sq ft.

Debenham Tewson and Chalmers' Bahrain office, newly-appointed letting and managing agents for Bahraini Kuwait Insurance Company's 54,000 sq ft headquarters development in the diplomatic area, Manama, Bahrain, expect to let all but the two floors reserved for the insurance company to international banks and financial institutions.

## Countdown to Bournes closure

AFTER A lingering death—its closing down sale is now in its 17th month—Bournes, the Oxford Street department store, will finally close its doors on Saturday, August 20. What will happen then to the island site, 115/123 Oxford Street, is still undecided.

Raybeck, the retail and fashion group, exchanged contracts on Monday for the surrender of its leasehold interest in the site to the freeholders, Equitable Life and Scottish Amicable. Completion of the contract is to take place on September 29.

Raybeck has received a consideration of £400,000, a modest sum against the potential savings from closing down the store which the chairman Mr Ben Raven estimates to be losing Raybeck between £1m and £1.5m a year.

Mr Raven said that it had become impossible for one independent department store to operate viably in the West End when it has to carry all the expenses of a head office with management and suppliers, which larger chains, with 30 or 40 stores, can spread between them.

The climate for major West End retailers has changed considerably since September 1978 when Raybeck, which also owns the Lord John and Berkertex clothing retailers, made a £11.5m cash bid for Bournes and Hollingsworth the independent store founded in 1894.

At the time it was thought that Raybeck had got a bargain.

This view appeared to have been confirmed when just a year later Raybeck having acquired the freehold for £750,000, arranged a sale and lease-back deal with Equitable Life Assurance for £11m.

Raybeck retained its freehold rights for half of the store which meant that the lease back cost it just £900,000 a year, half the market rent. But a year later in 1980, Raybeck suffered its first fall in profits and despite a change in image at Bournes with the introduction of a number of franchises, including W. H. Smith and Laskys, the losses kept building up.

On July 31 1981, Raybeck announced that the Greater London Council had granted planning permission for redeveloping proposals for the six-storey department store.

The plan still stands and is one of the options which Equitable Life is considering. Its chief surveyor Mr Colin Winter says no decision has been taken, although the freeholders have been considering the future of the site since Bournes first announced its closing down sale a full 16 months ago.

One option which will be ruled out, however, is another department store. These have proved extremely difficult to operate profitably in recent years and Bournes is just the latest of a number of major city centre department stores for which new uses are having to be found.

approved by the GLC in 1981 would allow 100,000 sq ft of retailing on three levels; 140,000 sq ft of offices, up to 52 flats taking up a further 40,000 sq ft and 100,000 sq ft for 350 car parking spaces.

The potential of the site is its size and shape. "It is an island site of approximately one acre, with a depth of more than 300 feet," says Nick Sadler of Richard Ellis. "There are very few sites of that size and potential available in central London."

The present building provides approximately 250,000 sq ft on basement, ground (35,000 sq ft) and six upper floors. A major refurbishment has not been ruled out. The building was constructed in two halves, so it would be possible to demolish and rebuild at the rear and refurbish the front, says Nick Sadler.

Mixed developments along the lines of the existing planning permission have sometimes proved unpopular with investment institutions.

This is because of possible conflicts involved in breaking up a frontage. Office tenants will seek an attractive and prestigious looking entrance to a building while retailers want maximum groundfloor frontage to display their goods.

Given a choice it would seem likely that Equitable Life would prefer a scheme with a relatively heavy office content given the recent climate for retail property in Oxford Street.

ALISON HOGAN

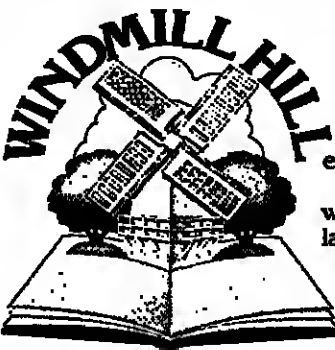
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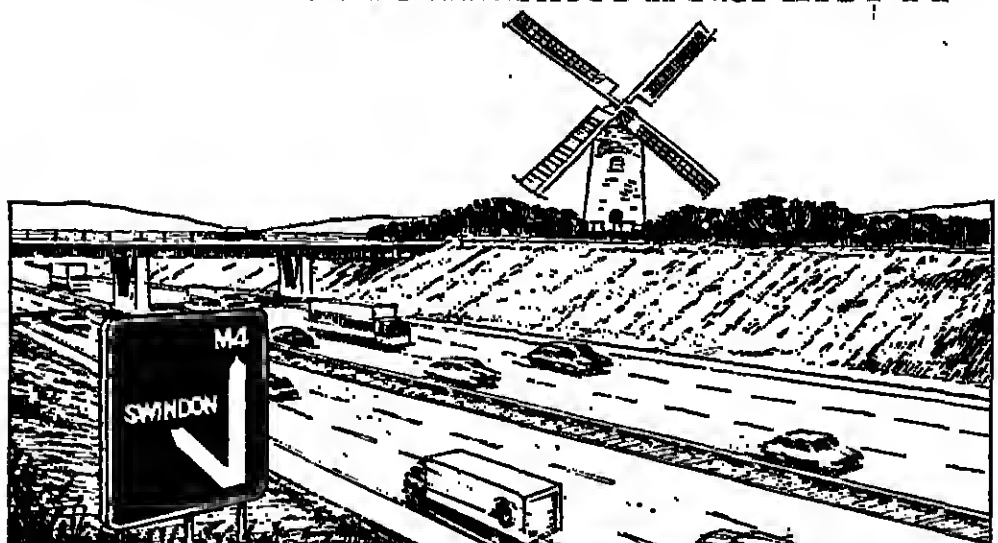
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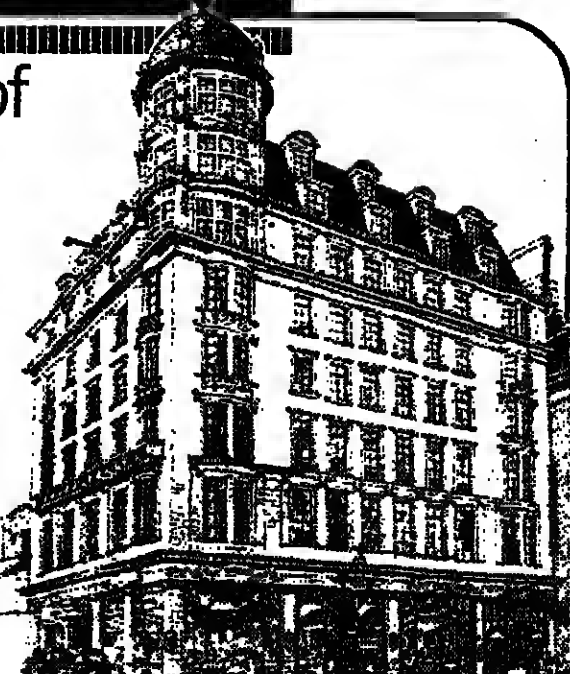
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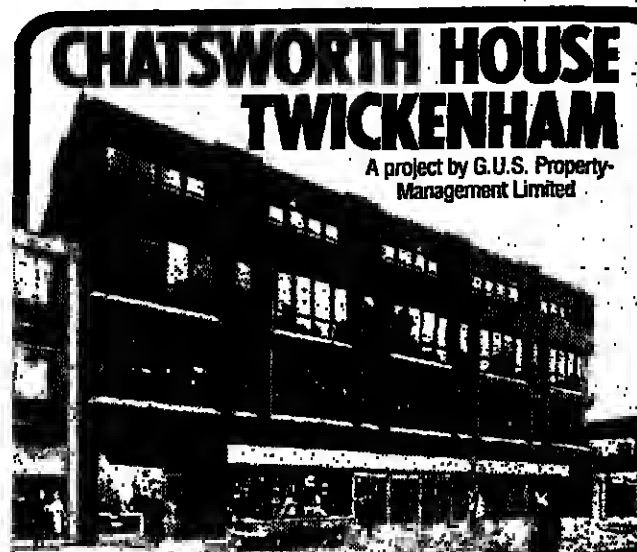
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## TECHNOLOGY

HOW 'JAMMY FLUIDS' HAVE A ROLE IN AUTOMATION

## Power to a robot's elbow

BY JOHN KERR

SCANT attention has been paid to "robot muscles"—the basic drive systems which control robot movement—despite the advances which are being made in this sector of the industry. Much of the interest has been centred around the ability for robots to "see" but these have overshadowed moves in the development of faster, more accurate, more reliable and more compact drive mechanisms.

Present robots systems designers have to make a choice between hydraulics, pneumatic, or electric as the basic drive to provide the muscle power.

Hydraulics handle loads over 150 kg; pneumatics power pick-and-place machines and little demonstrator robots. But in the middle ground, electric and hydraulics are locked in combat—with the former winning.

However, the so-called "jammy fluids"—largely overlooked by robotics engineers—could tip the balance in favour of hydraulics. These extraordinary liquids congeal instantly when a voltage is applied across their flow. Today's hydraulic robots employ several control valves, typically around £1,000 each. Used as low-cost valves with no moving parts, these fluids have considerable potential in fast and inexpensive servo-controls.

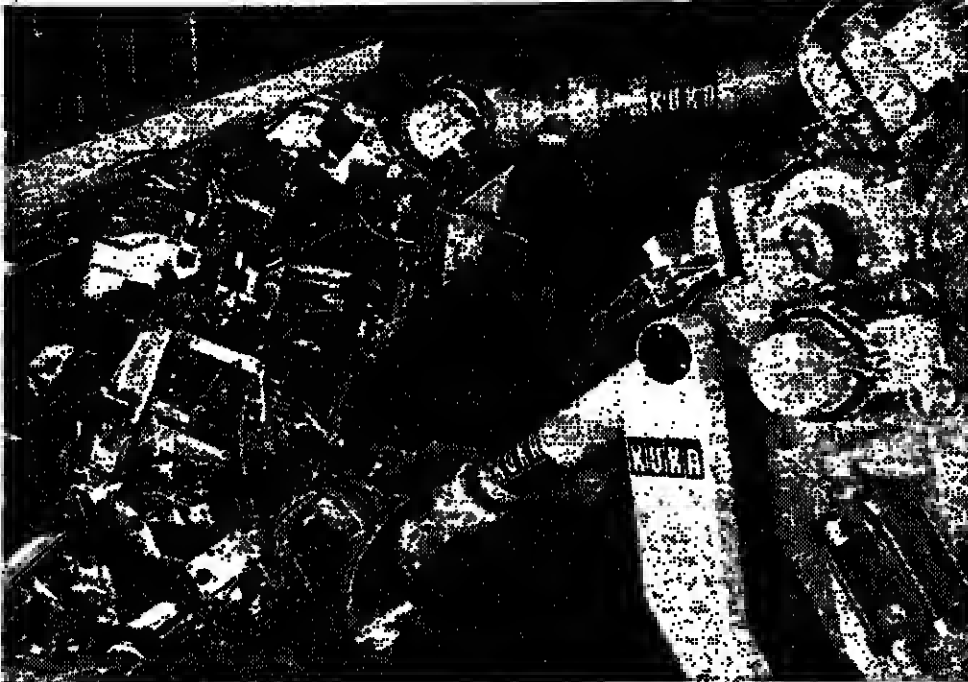
## Potential

But other applications are legion. "The potential is very dramatic. They will open up a whole new area for electronic power supply," says Arthur Gerrish, R&D technical director of Laser Engineering Developments, the London consultancy heading UK fluid work.

Backed by the Ministry of Defence and a club of motor, aerospace and oil drilling equipment companies, Laser Engineering is working on "dial-a-ride" vehicle suspensions that cope with all combinations of load, speed and road conditions; aircraft landing gear that responds quickly to rough emergency airstrips; vibrators for test equipment; anti-skid brakes, fluid couplings and much else.

The jammy fluids—properly called electrorheological fluids—are an enigma. While their properties are well catalogued, nobody is sure how an applied voltage "freezes" them with no temperature change. The effect was first observed by American scientist William Winslow in 1947 but work in the USSR, U.S., Japan and Britain has been low-key until recently.

Even the recent 2nd European Automated manufacturing



"Jammy fluids" are under investigation to provide more sophisticated and more compact drive mechanisms. Hydraulics could become a more popular way of controlling robot movement rather than pneumatics or electric.

The robots above work on the bodyside assembly complex at Ford's Sierra body plant. These are just two of 54 such machines used by Ford for spot welding and sealer operations.

conference and exhibition paid more interest to vision systems for robots. Yet their potential cuts into many areas of technology.

The ER fluids are slurries—milky suspensions of micron-sized non-metallic particles in oil, the base oil something as common as kerosene. Indications are that they will be costly. Precise recipes remain under wraps.

On their own, they behave like ordinary fluids. But when a voltage is thrown across their flow they "petrify" and act exactly like solids. Under stress with voltage "on," they do not fail with a catastrophic crack like solids but like non-drip thixotropic paints, they "creep." Nor do they shear until the stress exceeds a value dependent on the field strength. Yield stress is directly proportional to voltage.

## Response

Their speed of response is a big plus-point: bandwidths of 2 kHz are possible, giving "freeze" and "unfreeze" inside a millisecond. Low energy draw is another: a 2,000v field across a 1 mm gap is optimum. And ER fluid systems are compact. To make a "clutch" two parallel plates containing ER

fluid move relative to each other in shear. These shock absorber dampers hold promise for automotive use. Accelerometers on the front wheels could detect road conditions and modify suspension characteristics continuously by switching voltages in and out. In hydraulic rams, an excavator bucket or robot arm could be held in position indefinitely.

As "valves"—ER fluid flows between fixed parallel plates—fluidic switching devices interfacing with micro-electronic controls offer all types of hydraulic control setups. An ER fluid reaching a fork in a pipe can flow down either branch until a voltage is thrown across one route. The fluid there gels at once, neatly diverting flow down Route B.

A fascinating outlet, albeit on ice for now, is in computer print-outs where an ink-jet could be switched on and off at ultra-high speed.

## Robots best

Mr Gerrish predicts some of the best applications for jammy fluids are in robotics. "I'm a little bit surprised that we haven't been approached by the robot companies," he adds.

An indication of why: robot giant Unimation is moving away from hydraulics except for heavy applications. At Fairley Automation, Swindon, technical director, Peter Burton explains: "We make ourselves aware of the new technology but it needs a lot of development. And it remains to be seen if electric take over from hydraulics."

Hydraulic components firm Moog Controls of Tewkesbury, which unveiled a high-speed robot wrist at Automan '82, the UK robotic exhibition, glanced at ER technology nine months ago but has done nothing since. Product development manager, Phil Chambers, offers an explanation: "The price of hydraulic actuators has come tumbling down by 40 per cent over the past two years. But he sees promise in hybrid robots for the future: hydraulic wrists on electric arms."

Laser Engineering is now concentrating on fluid improvements. Britain is understood to lead ER fluid work and could have simple high-speed low-cost applications on the market inside five years. But as Chambers of Moog remarks: "We've got to look at these fluids again. If we don't look at new ideas like that in this country, the Japanese will."

## RE-REFINING USED OIL PRODUCTS

## Retrieving value from waste

BY ELAINE WILLIAMS

EVERY YEAR about \$70,000 tonnes of waste lubricating oil go up in smoke, burned by industry as a second grade fuel. Only 25,000 tonnes are re-refined.

Kalle Kipatsa, founder of Oil Reclamation International, believes that Britain could reclaim a much higher proportion of these generally expensive oils.

He has developed a new process for re-refining waste oils which he says is far cheaper and simpler than present techniques.

Swedish born Kipatsa emphasised that his Revac process used no chemicals and therefore generated no toxic waste products. Unlike the traditional acid/clay method of refining used oil, he said that it would also be considerably cheaper to build and operate his plant.

Mr Kipatsa said that by the use of vacuum distillation oil can be easily separated from their contaminants. The oil can be reclaimed to its original quality.

The basic process consists of four stages, three of which are centred around vacuum distillation. The reduction of pressure caused by the vacuum lowers the boiling point of the oil so that they can be distilled from impurities. It is a very well known process but has not been applied to the waste oil industry before, Mr Kipatsa says.

At the end of the three distillation stages the oil is passed through clay to restore the original colour or bloom to the oil. This is the traditional final stage of all waste oil recovery systems. The entire process is fully automated with a computerised microcomputer continuously monitoring and analysing the product.

Mr Kipatsa had the idea while working with an oil waste company in the U.S. using the traditional acid/clay process. Present plans are to have a full scale plant operating within the next months at an estimated cost of \$300,000.

The money has been raised mainly through bank borrowing. This investment compares with around \$2m for a comparable plant using the acid-clay process.

A small pilot plant is working in the Docklands area of East London to demonstrate the principle of the process to the British used oil industry. It has the capacity to refine one tonne (about 250 gallons) of waste oil an hour. Mr Kipatsa estimates that there is a market in the UK alone for about 60



Swedish born, Kalle Kipatsa, aims to revolutionise methods of re-refining waste oil.

to 80 small plants. The U.S. market is about 10 times larger and Mr Kipatsa is keen to exploit the potential there.

The waste oil that is refined in the UK is treated at about six small plants and one or two large refineries. Plant operators include names such as Century Oil, Braybrook Brothers and Doulton. One of the keys to successful re-refining is a good network of waste oil collection companies to supply the raw material for the plant. There are already many established companies in the UK.

## NEL TO BUILD BRITISH PROTOTYPE TO TAP SEA ENERGY

## Wave power plans to woo buyers

BY RAY DAFTER, ENERGY EDITOR

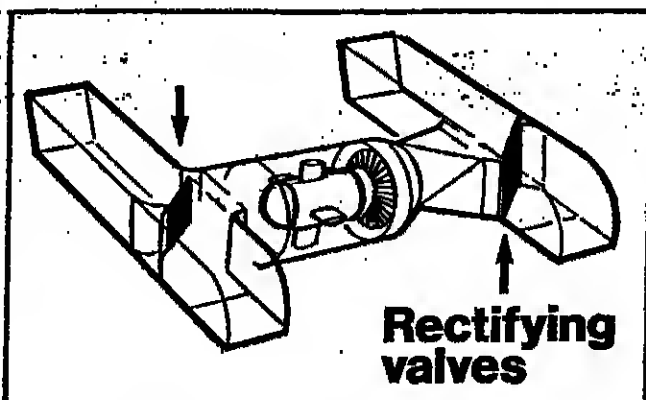
WORK HAS begun on a two-year engineering and economic study which could lead to the construction of a £12m "shop window" for UK wave power technology.

The National Engineering Laboratory of East Kilbride, Scotland, is planning to build a 4 Megawatt prototype of its Breakwater wave energy concept so that it can demonstrate the design to potential buyers from overseas.

For the offshore power station is not being promoted as a means of providing the UK with base-load electricity but more as a source of power for remote communities where existing supplies are based on imported fuels. "There is no nuclear development is unlikely."

With this in mind the NEL plans to locate the demonstration plant off the island of Lewis in the Outer Hebrides. The device would probably be built at a West Scotland construction site and floated into position in much the same way as concrete oil platforms have been fabricated and installed.

First, however, NEL must demonstrate the commercial prospects for the plant. A six



NEL's breakwater uses a turbogenerator.

group will spend a further 18 months on the design of the demonstration unit.

The Breakwater would be a concrete structure, fixed to the seabed in water up to 20 metres deep. It would operate by converting the movement of waves into a piston-like vertical motion of water in a chamber. Air trapped at the top of the chamber would be driven through a turbo-generator to produce electricity. Power would then be transmitted by conventional submarine cable to shore where it would be converted to alternating current mains supply.

The Breakwater was one of many devices developed in recent years under projects backed by the Department of Energy at a cost of over £12m. In the 1970s energy ministers saw wave power as one of the most promising sources of alternative energy. Consequently, the Government set a target to wave power interests: produce a model which shows the promise of producing power for 5p a kilowatt hour and which would justify the construction of a £10m, sea-going 10 MW demonstration project.

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## UK NEWS

## MPs committee backs review of drug profits

BY IAN HARGREAVES

STRONG backing for a Government review of profits made by pharmaceutical companies, drug wholesalers and chemists out of the National Health Service (NHS) came yesterday from the Commons Public Accounts Committee.

The committee says the existing mechanisms for price control have "not ensured the reasonableness of drug prices generally" and calls for a number of changes in the way the Government monitors the profitability of NHS contracts for the drug companies.

The committee also says that competitive pressures on the wholesalers of drugs "may not have been effective" between 1979 and 1980 and calls for closer investigation of whether reductions in profit margins since then have in reality been allowed to flow through into lower prices for the NHS.

As for the chemists, the committee expresses "great concern" that chemists in England and Wales should have delayed for several months their co-operation in a review of their own profit margins and says that in future compliance with such inquiries should be a condition of service for chemists.

Drugs cost the NHS more than £1m in 1980-81 and an additional £234m was paid to chemists in fees and other allowances. Since the NHS is a monopoly purchaser, there has long been a complex mechanism designed to ensure that

the profit margins of those who sell to the service are high enough to stimulate investment, research and a healthy industry, but not unreasonably high.

Among the manufacturers, the committee was told that the rate of return on capital in 1978 was 21 per cent, five percentage points above the return for UK industry as a whole and that this return increased to 22 per cent and 23.3 per cent in the next two years, even though profit margins elsewhere in industry were declining.

The committee suggests this margin, in common with margins in other non-competitive government contracts, is too high and proposes an average for such contracts of 17 per cent "at the most", against the current target of 20 per cent.

The committee criticises the Department of Health and Social Security for delaying its review of controls for years after it became evident that margins were higher than elsewhere in industry.

Chemists' margins have been governed over the years by a mixture of a rate of return formula and a second calculation designed to reimburse chemists for the costs of carrying stock.

Committee of Public Accounts, tenth report: *Dispensing Drugs in the NHS*. Commons paper 356. Stationery Office £4.15.

## Coal and oil demand falling steadily

By Ray Dafer, Energy Editor

ENERGY consumption in the UK is continuing to fall as a result of the economic recession and conservation measures.

Figures published yesterday by the Energy Department show that in the first three months of this year consumption - measured on a primary fuel input basis - totalled 80.7m tonnes of coal or coal equivalent (mte), 1.9 per cent less than in the first quarter of 1982.

The oil industry has borne the brunt of the fall. In the first three months of this year demand for oil products totalled 28.5 mte, 9.6 per cent less than in the corresponding period last year. Since 1973 the consumption of oil products in the UK has fallen by about one-third.

The Government figures, published in the monthly bulletin *Energy Trends*, also show that coal demand continued to fall in the first three months of this year, totalling 30.5m tonnes as against 31.1m tonnes in the first quarter of 1982.

## Increased success rate for offshore drilling operators

BY RICHARD JOHNS

RESULTS of exploration drilling on the UK Continental Shelf showed a marked improvement in the first quarter of 1983, according to the international petroleum consultants, Gaffney, Cline and Associates.

Their latest index records a success ratio of 33.3 per cent in the January-March period, compared with one of only 13.3 per cent in the last quarter of 1982. The outcome was the best since the middle of 1975.

The consultants say that they see no sign of the proportion of successful wells falling below the "relatively high level" witnessed since exploration in UK offshore waters began in the 1960s. At the same time they note that there has been a significant reduction in the ratio of discoveries as a proportion of wells drilled elsewhere in Europe, despite a number of successful strikes offshore of the Netherlands in 1982.

UK drilling in the first three months of 1983 continued at the same level as in the last quarter of 1982 in contrast to the rest of Europe where it was adversely affected by poor weather.

But the Gaffney Cline indices show a sharp decline in UK construction and development expenditure which is down 10 per cent and

23 per cent respectively in the first quarter.

Dr Tom Cox, managing director of Gaffney Cline, comments that although the recent eight-round licensing awards will stimulate exploration activity, this is unlikely to result in significant development activity until 1985.

Gaffney Cline recently calculated that the easing of tax terms contained in the 1982-83 budget would increase operators' net income from future developments from about 15 per cent to 25 per cent.

Tricentral, the UK independent oil company, and its partners in a group led by Texaco were the highest bidders for 21 tracts in the Gulf of Mexico in the latest record-breaking auction whose results were announced on Wednesday.

If all the bids are approved by the U.S. Department of the Interior, Tricentral, which is the subject of fresh speculation in the City of London over a possible takeover move, will have a stake in 31 Gulf of Mexico leases covering nearly 148,000 acres.

Its share of the bids amounts to \$16.7m. Apart from Texaco, its other partners in the Gulf of Mexico are Pogo and Union.

## Lucas in jet engine deal with Shorts

By Our Belfast Correspondent

SHORT BROTHERS, the Belfast aircraft company, yesterday announced a partnership agreement with Lucas Aerospace to design, manufacture and sell jet engine components on international markets.

Shorts and Lucas are, respectively, leaders in the design of engine nosecones and thrust reverser assemblies.

Under the agreement, announced at the Paris air show, the two companies will co-operate as equal partners to produce parts for the major engine manufacturers.

The agreement provides for one or other of the companies to adopt, for convenience, the lead position in any given project. The overall design, engineering, manufacturing and commercial responsibility would then be vested in the lead company throughout the programme.

Short Brothers has gained an international reputation for the manufacture of advanced technology nosecones for the Rolls-Royce RB211 series engines. It sees the agreement as strengthening its aircraft component division.

## Environment group attacks reactor cost

BY A SPECIAL CORRESPONDENT

THE CENTRAL Electricity Generating Board was accused yesterday of seriously underestimating the cost of the proposed Sizewell B pressurised water reactor (PWR) and being over-optimistic about its economic benefit.

The Council for the Protection of Rural England said the nuclear power station in Suffolk was likely to cost £1.74bn - about £500m more than the CEBG forecasts - and take 110 months, rather than 90 months, to build.

The council, an environment group, said it was basing its figures on PWR projects in the U.S., where the Westinghouse design - the basis for Sizewell B - has been used extensively.

It claims U.S. utilities have underestimated capital costs by up to 100 per cent, and PWR construction periods now varied between 102 and 123 months.

The council, one of the leading objectors at the Sizewell B public inquiry, is opposing the power station because it fears a series of PWRs is planned, each feeding a remote site along England's coastline.

Mr Robin Grove-White, council director, said that industrial conditions in the UK appeared likely to lead to a longer construction time than in the U.S.

Costs would be higher than equivalent U.S. plants because of more

rigorous safety standards, design changes, and the additional work being undertaken by the National Nuclear Corporation, he claimed.

Mr Grove-White said energy conservation would be more cost-effective than investing in new plants. He claimed the CEBG had been over-optimistic in its nuclear investment appraisal concerning capital costs, construction time, and fossil fuel prices.

According to evidence obtained by the council, oil prices to the year 2000 had been over estimated by the CEBG by 36 per cent for oil and 15 per cent for coal, he added.

Mr Grove-White said the CEBG's case for Sizewell B was "tenuous" and defective. The council's evidence suggested Sizewell B would probably not be cost-effective and would not reduce the CEBG's system costs. It was a high-risk investment which at best could be only marginally worthwhile, he said.

Mr Grove-White claimed the CEBG had vastly overestimated its capacity demand. Investment in conservation, better electricity load management and private generation could reduce existing demand and eliminate the need for any further power station for 25 years. The council also claimed that fears of professional victimisation had led to expert witnesses' declining to give evidence against the CEBG at the inquiry.

## Thorn EMI radar order

BY LYNTON McLAINE

THORN EMI ELECTRONICS has been awarded a £35m order by the Ministry of Defence for further Searchwater radar sets for the armed forces.

The order is for the supply of radar sets for the Royal Air Force Nimrod maritime reconnaissance aircraft and for Royal Navy Sea King anti-submarine helicopters. The RAF order calls for the supply of Searchwater radars to complete the updating of all its fleet of Nimrod aircraft to Mark 2 status, and includes spares.

This radar is also being evaluated by the U.S. Department of Defence for possible use in the Lockheed Orion PS aircraft.

Searchwater radar was fitted to Royal Navy helicopters which operated in the South Atlantic at the time of the Falklands operation a year ago.

Marconi Radar Systems has won a £4m order from Jordan for the supply of an airfield surveillance radar for Amman's new Queen Alia's international airport.

## Devenish

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J. A. Devenish plc announce unaudited Group Results for the 24 weeks ended 18th March, 1983.

	This Year	Last Year	Full Year to 1.10.82
Turnover—excluding V.A.T.	£000 8,268	£000 7,889	£000 21,348
Profit before Tax	125	191	1,844
Corporation Tax (estimated at 35%)	44	58	416
Profit after Tax	81	133	1,428
Preference Dividend	6	6	12
Profit attributable to Ordinary Shareholders	75	127	1,416
Interim Ordinary Dividend	83	83	350
Total Ordinary Dividend			
Ordinary Dividend per 25p share	2.25p	2.25p	9.5p

The half year results reflect our usual pattern of modest profit during the low trading winter period. Trading profit has been maintained compared with last year, but higher interest charges of £46,000 significantly affect these results. The Greenbank Hotel, Falmouth, has now been sold. There is a mood of greater optimism in the air at the present time and we look forward to a busy and profitable holiday season. We have recently increased prices and costs are being reduced in line with my comments made at the Annual General Meeting. As a result I anticipate reporting maintenance of profit levels at the year and provided that sales during the all important summer season are comparable with last year."

R. S. Hargreaves, Chairman.

Warrants will be posted on 30th June payable on 1st July to shareholders on the register at close of business on 16th June. Ordinary share register closed 17th June to 30th June.

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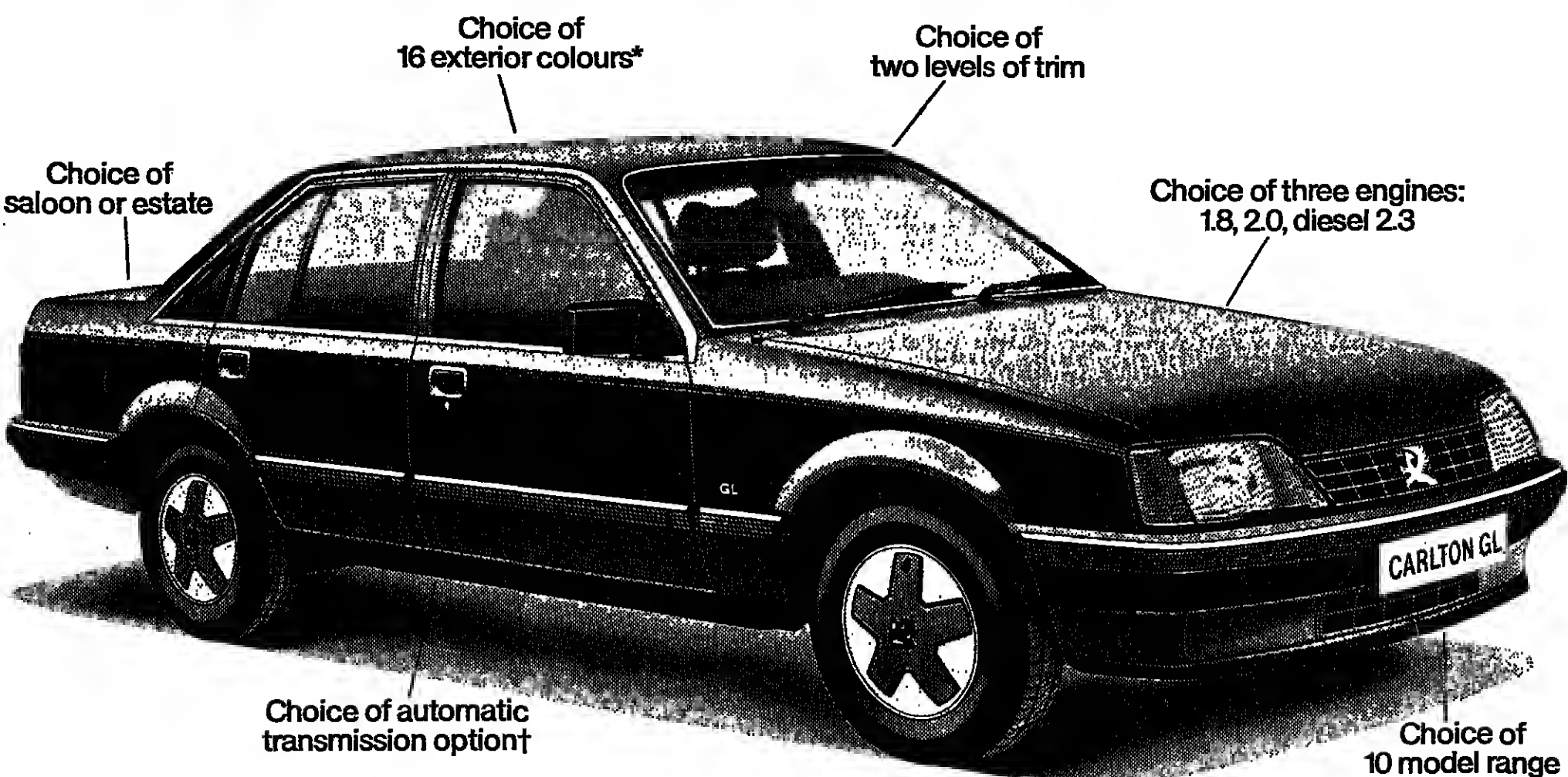
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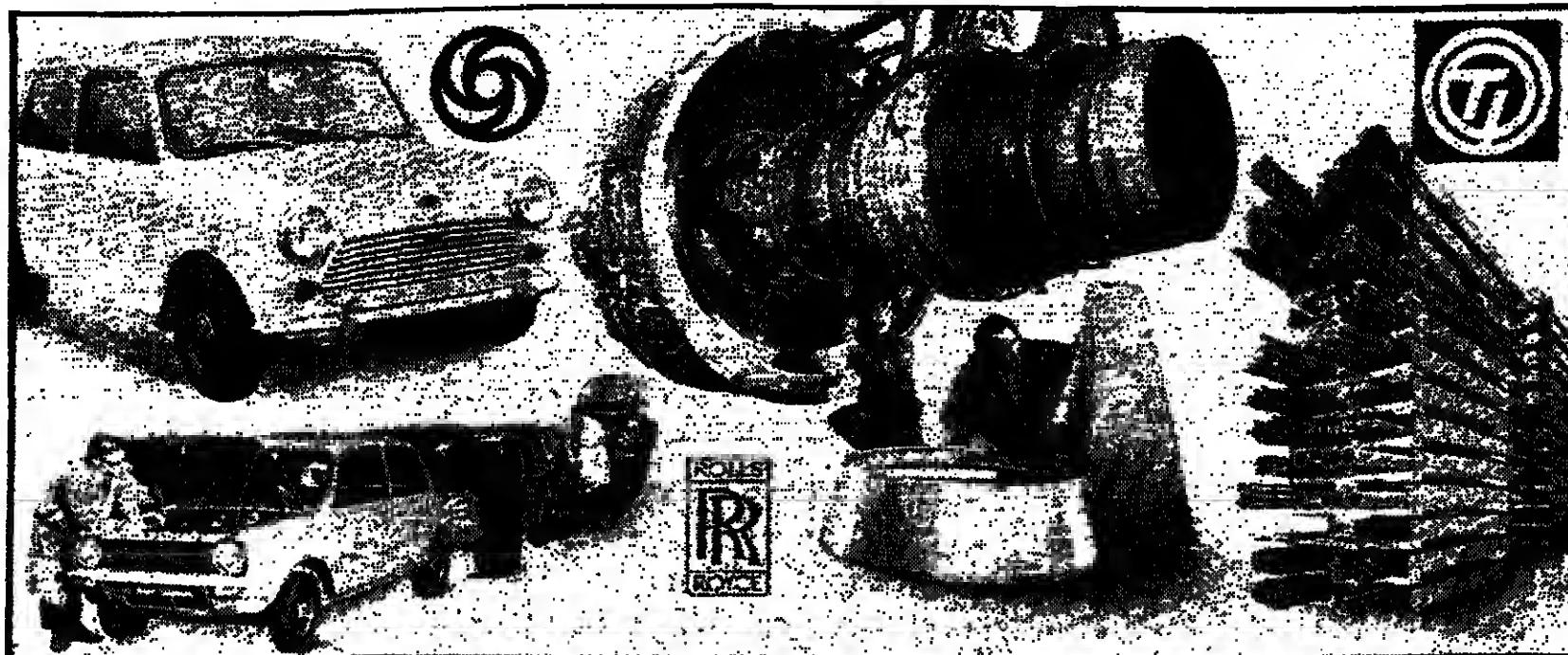


## THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

## Mixed lessons of the IRC

Over the past 25 years governments in industrialised countries have experimented with a variety of instruments for intervening in industry. Italy has its big state-owned holding companies like ENI and IRI, France has its IDI (Institut de Développement Industriel), while Japan has its well-trying system of administrative guidance through the Ministry of International Trade and Industry. Here, Geoffrey Owen reviews a new study of Britain's Industrial Reorganisation Corporation, set up by the Labour Government in 1966 to promote structural change in industry, and closed down by the incoming Tory government in 1970.



● In July 1968, the Industrial Reorganisation Corporation, the body set up by the Labour Government to promote rationalisation in British industry, was told by Tube Investments (TI) that it was considering a bid for John Brown, largely to acquire Wickman, its machine tool subsidiary. TI wanted to expand its machine tool activities to up to three times their present size. Nothing came of the TI proposal, but the IRC decided to look harder at other possible mergers in machine tools, "with the objective of putting the best management teams into more strategic positions."

Merger talks were encouraged between TI and Staveley Industries, with no result. An IRC bid for Staveley was even considered and later the IRC was prepared to support a bid by Slater Walker for Staveley, "provided that the subsequent rationalisation of the group was undertaken jointly with the IRC."

In the end, although some individual companies received IRC support, the Corporation found no way of bringing about a decisive change in the structure and performance of the machine tool industry.

● After the creation of British Leyland in 1968, in which the IRC had been deeply involved, the Corporation came to feel that it had been a mistake to

combine the roles of chairman and chief executive. It urged Sir Donald (later Lord) Stokes to appoint a new chief executive and made inquiries about outsiders who might have the right experience and ability. The IRC was also disappointed by the slow pace of integration after the merger, but despite the two loans it had provided the IRC "lacked the effective levers which would have been required to make changes which the British Leyland Board did not see as necessary."

● In 1969, the IRC was asked by the Ministry of Technology to investigate Rolls-Royce's financial prospects. The report pointed to severe weaknesses in the company's financial management and called for new appointments from outside the industry both to the Board and to the finance sub-committee. These and other recommendations met a stone-walling response from the company and it was not until July 1970, when the financial position had worsened sharply, that an IRC loan and two new board members were accepted. In retrospect, it might have been better if more decisive action had been taken more quickly, but this would have laid the IRC and the Government open to the charge of interfering in the running of a private business.



The government of Mr (now Sir) Harold Wilson founded the IRC, whose first chairman was Lord Keston (centre). Mr Edward Heath's government unwound the corporation.

"The underlying problem with this kind of situation is how the management of the company can be persuaded to accept changes. Shareholders, who have the power to change management, are usually ineffective in doing so."

These three cases, described in a newly published history\* of the IRC, show how difficult it is for a government agency, even with substantial funds at its disposal, to effect change in industry. The IRC liked to think of itself as a prod, not a prop. In promoting mergers it aimed not only to achieve economies of scale, but to spread good management over a wider field.

Where the management was strong enough to take on the enlarged responsibility, as with

GEC and the heavy electrical industry, the results of the IRC's intervention were impressive. On a more modest scale a useful job was done in mining machinery, where the IRC worked closely with the Coal Board to bring about rationalisation: the emergence of three main suppliers—Dowty, Dobson Park, and Fletcher Sutcliffe Wild (the Booker McConnell subsidiary now being sold to Dobson Park)—helped to strengthen the industry's international position.

In the fishing industry the creation of British United Trawlers (initially a joint venture between Ross and Associated Fisheries) served to separate out from two diversified companies a deep-sea trawling operation which proved to be viable and a nucleus for further acquisitions—until the "cod war" with Iceland undermined the economics of the business.

Many of the IRC's moves were in response to events. It had not, for example, given much thought to the hearings industry until it heard about merger talks between Ransome and Marles, the leading British company, and the Swedish-owned Skerf. The subsequent British solution—the merger of three companies to form Ransome Hoffmann Pollard—greatly offended the Swedes, but produced a well-managed company which coped well with the post-merger rationalisation. Subsequently, the drastic concentration among bearings customers, especially the motor industry, hit RHP hard, but it is probably true that more of a British bearings industry has survived than would have been the case if the Swedish deal had gone ahead or if the three companies had stayed independent.

Yet there was a danger, particularly in view of its opportunistic mode of operation, that the IRC and its chosen vehicle would underestimate the size of the task and the time-scale in which it could be achieved. One example was George Kent's purchase of Cambridge Instruments, designed as the first step towards the rationalisation of the British scientific instrument industry. It took too long after the merger to put an adequate management team in place. George Kent himself needed a great deal of sorting out; its financial room for manoeuvre was limited by the high price it had paid for Cambridge. The link between the scientific instrument side of Cambridge and the process control instruments which were Kent's main business was small or non-existent; the merger was probably misconceived from the start.

There was no sense either within the IRC or in the Government, whose agent it was, of a coherent industrial strategy in

which priorities and objectives were carefully studied. The IRC wanted to get things moving, shake things up, and it seized whatever opportunities were available for doing so. According to the authors, one of the arguments for the IRC's entry into the battle for Cambridge Instruments—which had started with a bid for Cambridge from Rank—was that "taking action which was likely to lead to improved industrial structure, and hence performance, even at the risk of making things worse, was better than doing nothing at all." This could degenerate into a philosophy of action for action's sake.

Whatever the merits of the case, the IRC won the battle for Cambridge, just as it helped GEC win the battles for AEI and English Electric. It was a force to be reckoned with, in government, industry and the City. The Government began to make use of the IRC to carry out certain awkward assignments at the "interface" between industry and government.

The inquiry into Rolls-Royce was one, the rescue of Cammell Laird, the shipbuilding and engineering group, another. "Within about six weeks," say the authors, "the IRC had devised, negotiated and completed the arrangements for the rescue of Cammell Laird and had succeeded both in rescuing Cammell Laird and in taking the first step towards restructuring its management."

Acting as the Government's merchant bank was not part of the original conception of the IRC, but it assumed greater importance in the last two years of its life as the merger-making role declined. "The Government had by now come to see the IRC as a body which was very flexible, generally effective and reliable, and acceptable to the bulk of industrialists and the City. It was therefore very useful for dealing with situations where rapid action was required or where the Government wished to support industry."

The "friend at court" role extended even to the investing institutions. Early in 1970, Sir Joseph Lockwood, then chairman of the IRC, was asked by major institutional shareholders to join them when they confronted Vickers on its performance.

Much to his surprise he was expected to act as the institution's spokesman at the meeting. Despite some ceremony, this eventually led to Vickers' decision to split the jobs of chairman and chief executive and to bring in Sir Peter Matthews to fill the latter role.

Yet for all its value as an independent adviser and as an instrument for getting things done, the experience of the IRC raises more questions than it answers about how the Government can help to improve industrial performance. Intervention in the UK over the past 20 years has mostly been ad hoc in character and short-term in its horizons. To some extent, this is the inevitable consequence of the swings in policy between Labour and Conservative Governments. After scrapping the IRC, the Heath Government found itself the reluctant owner of 25 per cent of George Kent. Just at the time when the new management needed guidance and support from its principal shareholder, the Government's main concern was to find a buyer for the shares.

The lack of consensus about industrial policy among the political parties, industry and the civil service makes it virtually impossible to formulate, let alone set upon, the long-term "vision of the future" which characterises the Japanese approach to these matters. There is a lack of continuity, of follow-through, in the British system which reduces the value of even the most sensible ad hoc interventions.

For example, the IRC saw numerical control (NC) as an important technology for the machine tool industry and its customers. To create an internationally competitive NC supplier, Plessey was encouraged to buy first Airmec from Ralston and then the NC activities of Ferranti. But Plessey did not make the headway that had been hoped for and in 1979 sold the business to Allen-Bradley of the U.S. By that time the IRC had long since faded from the scene. Once again the Department of Industry began to worry about the lack of a strong, indigenous NC supplier—precisely the IRC's objective 15 years ago.

A consistent industrial policy cannot guarantee the success of particular companies or sectors. The UK in any case put too much stress on backing individual companies as "national champions"; but a series of ad hoc interventions is unlikely to achieve the desired results. Some instruments of intervention are more effective than others; but a body like the IRC, however well run, is no substitute for a coherent set of policies towards industry which lasts longer than the life of one Parliament.

The IRC, an experiment in industrial intervention, by Douglas Hague and Geoffrey E. Wilkinson, George Allen and Unwin. Price £18.50 hardback. Geoffrey Owen was on the staff of the IRC in 1967-68.

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## THE ARTS

## Music

## PARIS

Maurice Pollak, piano. Beethoven, Schöberg (Mon), Theatre des Champs Elysees (7234777).  
Orchestra Colonne conducted by Lovro von Matačić. Chalkovsky (Mon), Salle Pleyel (563 8873).  
Newall Orchestra Philharmonique conducted by Emmanuel Krivine, Puppets Marquis, Soprano Mozart, Beethoven (Mon, 8.30pm), TNP-Châtelet (261 1983).  
Alexis Weissenberg recital: Chopin (Tue), Theatre des Champs Elysees.  
Ensemble de Paris conducted by Jean-Pierre Wallès, Isabelle Garzaunz, soprano, Marie-Thérèse Gharard, guitar. Spanish Evening (Tue), Salle Gaveau (563 3030).  
Elizabeth Chouhachou recital (8.30pm), François Rabatier, Beethoven, Liszt, Bach (8.30pm), Traditional Music (10.30pm) (Wed), Opera Comique (266 0611).  
Ensemble de Paris conducted by Jean-Pierre Wallès, Richard Vialle, Clarinet, Trio Ravel: Bartók, Dvorák, Martin (Thurs), Salle Gaveau.  
Alexandre Lagoya: Guitar (Thurs), Salle Pleyel.

## Theatre

## LONDON

**The Rivals** (Olivier): Splendid National Theatre revival, cunningly designed by John Gurr to place us in the middle of 18th century Bath. Geraldine McEwan takes a fresh, inquisitive look at Mrs Malaprop. Michael Hordern is an unrepentant Sir Anthony. Peter Wood directs. (528 2252).  
**Blood Brothers** (Lyric): Strong rock melodrama by Willy Russell about Liverpool twins separated at birth. Pop star Barbara Dickson, very like a young Grace Fields, is superb as their grief-wracked mother. (537 3866).  
**The Sea** (Barbican): Jacobean comedy by Middleton and Dekker with Helen Mirren as the eponymous vagabond in a spirited production by Barry Kyle now playing in tandem with last year's *The Taming of the Shrew* from Stratford-upon-Avon. (528 8195).  
**Daisy Pulls It Off** (Globe): Enjoyable romp derived from the world of Angela Brazil novel gym slaps, hockey sticks, a cliff-hanger, stout moral conclusion and a rousing school hymn. Spiffing if you're in that sort of mood. (527 1192).  
**A Map of the World** (Lyttelton): Brilliant new play by David Hare, now in a luxury West End hotel where a UNESCO conference on world poverty has been convened. Chill, meticulous production by the author has strong performances from Roshan Seth (Nehru in the film *Gandhi*) as an Indian novelist, Bill Nighy as a journalist and Diana Quick as the actress in the middle of an ideological showdown. (228 2252).  
**Noises Off** (Savoy): The funniest play for years in London, now with an improved third act and a top-class replacement cast. Michael Blake-more's brilliant direction of backstage shenanigans on tour, with a third-rate 'Michael is a Key' factor. (526 8888).  
**The Real Thing** (Strand): Fascinating, enjoyable new Tom Stoppard play which examines a playwright's attitudes to work, music and love in characteristically well-written, complex, and a touch of serious levity is well struck in Peter Wood's production and the performances of Roger Rees and Felicity Kendal. (536 2680/4143).

## Exhibitions

## PARIS

Claude Monet: Homage is paid to his Giverny period with 45 of his paintings, including the nymphs, at the Centre Culturel du Marais, 23 Rue des Francs-Bourgeois (377 3222).  
Closed Tue. End of June.  
Edouard Manet: An exceptional retrospective marks the 100th anniversary of the artist's death including Olympia, the Bar at the Folies Bergères, Nana, and Dejeuner sur l'herbe. Paintings which at the time created such a scandal, are now seen as classics in the tradition of Franz Hals and Velasquez, whom Manet revered. Yet at the same time they are a homage to one of the first impressionists and a pioneer of modern art. Grand Palais, April 10-August 1, closed Tue. Late night Wed till 10pm (261 5410).

## LONDON

**The Tate Gallery:** The Essential Cubism is a wonderfully particular and illuminating exposition by Douglas Cooper and Gary Tinterow, with the choicest examples at every turn. Of Cubism in its definitive period from 1907 to 1920. Braque and Picasso dominate the show, and as prime movers and principal exponents, so they should. But their relation to their immediate associates and followers is made clear - Gris the most substantial of them at the

## Opera and Ballet

## WEST GERMANY

Berlin Deutsche Oper: Lucia di Lammermoor has Edit Gruberova in the title role. Die Hochzeit des Figaro, produced by Günter Friedrich, has Lucia Frosch and Wolfgang Brendel in the main parts. This week's highlight is Puccini's La Bohème with Mirella Freni and Barry McDaniel. (343 811).  
Hamburg Staatsoper: Die Wunder-same Schustersfrau by Bernd Alois Zimmermann: Die Hochzeit des Figaro with fine interpretations by Judith Beckmann and Harald Stamm. (251 151).

Frankfurt Opera: Pursuit in the ultra modern production by Ruth Berg-haus: Die Hochzeit des Figaro for the last time this season. Toca-sung in Italian, with Raimo Kabanovskis in the title role. Stravinsky's The Rake's Progress rounds off the week. (350 21).  
Cologne opera: Umberto Giordano's rarely-played Andrea Chénier, produced by Willy Decker, is premiering this month. It is conducted by Nello Santi and has Ernesto Veronelli in the title role. Fidelity with a cast headed by Jon Vickers and Johanna Meier, was revived triumphantly. Further performances are Don Pasquale and Turandot. (207 81).

## Arts Week

F S Sa Su M Tu W Th  
27 28 29 30 31 1 2

## NEW YORK

New York Philharmonic: Raymond Leppard conducting, Del Tredici, Takemitsu, Maxwell Davies, Consilio Afterimages (world premiere), Avery Fisher Hall, Lincoln Center (712 4242).  
Alfred Brendel: piano, Beethoven. (Tue), Carnegie Hall (247 7459).  
New York Choral Society: Regular summer choral readings includes guest conductors Larry Newland and Richard West-bourg doing masterworks of the choral repertoire from Bach to Stravinsky, featuring the Requiem of Verdi, Brahms, Faure, Mozart and Berlioz. First performance is Handel's

Messiah conducted by Frank Nem-hauser (Thurs), CAMI Hall, 37th & 4th Av (573 0586).  
The day, the night, South African Mo-mi (Fri-Thurs, except Sunday, Mon-day), St Clements, 40th W. of 9th Av (564 1978).  
Merkin Concert Hall: Benjamin Oren pianist recital, Mozart, Schumann, Chalkovsky (Mon); Bernard Rose, piano, Bach, Copland, Beethoven (Thurs), 67th W. of Broadway (362 6719).

## CHICAGO

Chicago Symphony: Carlos Kleiber conducting, Butterworth, Mozart, Brahms (Thurs), Orchestra Hall (432 8122).  
International String Quartet: Men-chen Pressler piano, Bartok, Brahms, Mozart (Mon), Mandel Hall (E 57th & S. University) (624 2350).  
New Philharmonic: Harold Bauer con-ducting, Frederick Henke saxo-phone, Vaughan Williams, Ibert, Beethoven (Tue), Performing Arts Center (22nd & Lambert, Glen E-lyn, 528 2800-2836).

## LONDON

Claudio Arrau, piano, 80th Birthday recital, Beethoven and Brahms so-

## WASHINGTON

Buried child (Kreger): Vintage Sam Shepard, a 1970 Pulitzer Prize win-ner, recounts a family reunion in which the returning son is not re-membered by the rest of the family and garbage ends up on the floor. (Ave. 4800).  
Porgy & Bess (Opera House): This 50th anniversary production of Ger-shwin's classic American opera does justice to the music and sense of community established in Porgy's desperate love for Bess in their squalid Catfish Row lives. Kennedy Center (254 3770).  
Room Service (Claremont): Made fa-mous by the 1970 movie, this 1937 farce starring Hal Linden can stand on its own with the ribald pro-duce of an impoverished producer whose troupe is stranded with no money in their New York hotel. Kennedy Center (254 3670).

## CHICAGO

The Dining Room (Goodman, 208 S. Columbus Dr.): A. R. Gurney Jr's vision is confined by four walls, the 20th-century middle-class English family and its changes with its inhabitants. (443 3800).  
E. R. (Organic, 3319 N. Clark): This hit-and-miss local company has a long-running success with an earnest production of the 1971 musical, starring Gary Houston as an ambitious young doctor, Shuko Akane as the receptionist and Lily Monks as the authoritarian nurse. (528 5386).  
Red Blood (Goodman Mainstage): Robert Woodruff directs David Mamet's translation of Pierre LaFarge's specu-lation on the lives of Bulgakov and Mayakovsky as the two Soviet writers struggle for their lives and work. (443 3800).  
Cloud 9 (Apollo): The premier of Caryl Churchill's dissection of the English character seen first in the wilds of colonial Africa and then in a con-temptuous, contemptuous, contemptuous Tommy Tune's New York pro-duction under the direction of Don Ammendia, who performed in the New York version. (2540 N. Lincoln, 558 0107).  
Kennedy's Children (Pegasus Play-ers): Robert Patrick's deadpan and discouraged discourse on the youth of the 1960s as reflected through the mirror of a New York bar in 1974 still depicts a generation. (1020 W. Bryn Mawr, 271 2638).

## WEST GERMANY

Berlin, Nationalgalerie, Potsdamer StraÙe: Werner Knaup, a contem-porary German artist, tries to come to grips with death in paintings and drawings. Ends June 5.  
Braunschweig, Kunsthalle, Wall 207: Paintings, gouaches, water colours and drawings by Horst Antes, a Ger-man painter. Ends June 5.  
Hamburg, Kunstverein, Glocken-gasse: Presentations and fear of death. Paintings, sculpture and German artists, Ferdinand Hol-der, the Swiss artist, and Edward Munch. Ends June 5.  
Hanover, Kunstmuseum, Ur-Schwe-ter: Paintings, sculpture and drawings by Umberto Boccioni, the Italian futurist painter. Ends June 12.  
Baden-Baden, Kunsthalle, Lichtental-er Allee: Retrospective of more than 200 works by Hans Thoma (1839-1924), the Russian painter, as well as paintings by friends and contemporaries. Ends June 26.  
Munich, Haus der Kunst, Prinzreg-entenstrasse: Contemporary West-ern painters and sculptors. Ends July 10.

## CHICAGO

Chicago International Art Expo (Navy Pier): Though it lacks the long week-end, this annual event covers a lot of ground, including one-man shows by Nicholas Africano and Milton Avery with works from seven West German galleries, large sculptures by Fredrich Bernhard Pages, Elinore Martin and Ispou-gue and representative pieces from 118 galleries.

## ITALY

Venice, Ca' d'Ala: Navala alla Giudecca. Works by Burri. Ends Sept 30.  
Venice, Museo Correr: Engravings by 18th century Venetian artists from Carlevaris to Tiepolo.

## NEW YORK

New York City Ballet: New York pre-miere of Twyla Tharp's Once Upon a Time, to music of Alexander Glas-ner and starring Mikhail Baryshnikov highlights the week's mixed repertoire. New York State Theater, Lincoln Center (877 5570).  
Les Grands Ballets Canadiens: 25th anniversary of this versatile group with a premier homage to Fred Astaire, in seven sections to various songs, as part of the mixed genres in their tonight program. City Center, 55th E. of 7th Av, 581 7807.

## CHICAGO

Barber of Seville (Athenaeum): Chicago Opera Theater production, in English, stars Cynthia Munzer as Rosina, Robert Orla as Figaro and Mark Flint conducting. (2936 N. Southport, 863 0555).  
The Next Step (Auditorium Theatre): Dancer and choreographer Carrie Stern shows an African influence in her work that combines autobiog-raphy with homage to American popu-lar acts as well as reflections on such contemporary themes as the Iran-Iraq war. (70 E. Congress, 822 2110).

## ITALY

Milan, La Scala: Schönberg Tryptich and Così Fan Tutte conducted by Riccardo Muti.

## Cinema/Nigel Andrews

## First the good news—then the bad

**The Ploughman's Lunch**  
British Cinema at Cannes  
Toat Championship Season  
Subway Riders  
Friday the 13th Part 3  
Sling 2  
Starlight One

British cinema today, like the British economy, is full of green lights and red lights winking in hopeless confusion together like a short-circuited traffic lamp.

Now the native film industry is booming, now it isn't. Now there's a pla today, now there's a hope just around the corner, now there's a despair for a further decade. And standing firmly in the middle of all this fugal frenzy, like Moviedom's equivalent of North Sea oil, is Goldcrest Films and TV. They're the people who brought you boom time with *Gandhi* and *Local Hero*, who give us this week *The Ploughman's Lunch* and who have just struck camp in Cannes after being the most visible British presence there with a fistful of new films.

First the glad tidings. Goldcrest have clearly had their gambling nerve strengthened by the success of Messrs Attenborough and Forsyth, and are bravely extending the hand of encouragement to cinematic newcomers.

*The Ploughman's Lunch* is written by novelist and television playwright Ian McEwan, directed by stage and TV producer Richard Eyre and gives a first movie starring role to one of Britain's best "new actors" Jonathan Pryce. Runners is made by the prestigious TV duo of writer Stephen Pollakoff and director Charles Sturridge. Red Mischief is an all too rare big-screen outing for one of Britain's best TV directors, Jack Gold. And *The Far Pavilions*, which was trailed at Cannes, not shown complete—is the first big screen directing assignment for Peter Kosminsky, who has just *England Made Me* in 1972 and the first full scale starring role for Ben Cross of *Chariots of Fire*.

Now the bad tidings. TV drama alumni do not always leap on to the big screen with talent flying and energy unimpaired. Both *The Ploughman's Lunch* and *Runners* are more like over-stretched telly plays than feature films; and the faltering strain tells in their painful visual thinness and their dependence on dialogue to do virtually all the work of pushing the story forward and/or embodying ideas and feelings.

The first set in England during and after the Falklands Crisis, stars Jonathan Pryce and Tim Curry as two sour souled media pals duelling over Britain, life, ideas and a girl-friend who's also a media pal (Charlie Dore). Pryce is a lanky Fleet Street Hamlet, dour and doleful, while Curry is currently researching for a book on the Suez crisis and finding strong modern echoes in the South Atlantic.

As Curry stands on the film's sidelines, cracking snide remarks (what a dire role this must have been as in the naked script), Pryce tries to romance the girl; tries to avoid romance; the girl's love interest Leftist Munn (Rosemary Harris living in a dach in Norfolk); tries not to be unnerved by the challenge of radical commitment he finds in a group of Greenham Common-style women outside a military base; and finally goes to the 1982 Tory Party conference to see his romantic dreams collapse (girlfriend seen neck-ing with Curry) and also, one opines—McEwan's sympathies



Charlie Dore as Susie in "Ploughman's Lunch"

not being exactly Thatcherite—his hopes and dreams for Britain.

The film fires—or tries to—on all symbolist cylinders. The girl is called Susie (echoes of "Suez"). Toryish invocations of Britain's noble past are parodied in the nostalgia-smoked fakery of the TV commercials directed by the girl's father (Frank Finlay). And if you're not struck by the spitting-image similitude of Suez and Falk-lands as twin pangs in Britain's history, then you're simply not trying hard enough.

Dramatically the film is woeful. Eyre's direction is in the "Light two talking heads and shoot 'em" school. The dialogue is in the ex-Portable Theatre style of Clapped Out Post Imperial Sardonic. A string instrument oft times spells out pain on the soundtrack, in case

kar, Hudson) not from TV drama but from the hitherto scorned arena of TV commercials. Putnam saw that *that* was where the visual explosive-ness lay—compacted like plu-tonium in 30-second bursts that could fill the big screen. Television drama has never been an ideal launching-ground for film directors: chiefly because the writer is kingly there, and the director is trained not to yohoo us with inventive imagery but to be faithful to the script and dialogue and the heads-and-shoulders who speak them.

But even Putnam, ironically, has come a cropper under Goldcrest's aegis. His Cannes-premiered *Red Monarch*, on which he was executive producer, was scripted by Charles Wood and directed by Jack Gold. It is a "comic romp about J. Stalin. It endeavours

Goldcrest are extending the hand of encouragement to cinematic newcomers... but TV drama alumni do not always leap onto the big screen with talent flying

we're not feeling enough already. And Jonathan Pryce, so electrifying as actor on stage, here tends to resemble a dead Nicol Williamson.

Goldcrest's *Runners*, I regret to report, is even worse. Pollakoff's script is about two separate parents—a father (James Fox) from one family, a mother (Jana Asher) from another—who gallop off to London to seek their respective runaway kids.

As directed by Charles (Brideshead Revisited) Sturridge, the film seems at once hysterical and lifeless: an extraordinary combination. Hysterical because even after Fox's offspring is found alive and well and—forthwith—employed, the hand-wringing goes on. Lifeless because, as in *The Ploughman's Lunch*, the direction consists merely of talking heads blown up for the large screen.

Where are Goldcrest going wrong? Without wishing to join the already overmaned David Putnam Fan Club, one must point out that Putnam's family, as a film producer lay (lies) in his decision to pluck big-screen directing bopefuls (Scott, Par-

to do for the scourge of Russia what Brecht's Arturo Ui did for the pest of Germany. Unfortunately it doesn't do it. Jokes fall to the ground like shotgounned grouse, and Colin Blakely (Stalin), a brave actor, can never have clanked that stalwart jaw or twined that nasal baritone with more effort and to less effect.

Which lares *The Far Pavilions*. And on the evidence of the 12 minute trailer this royally batty adventure set in imperia India should provide much poly-chrome fun. Admittedly Goldcrest's policy of unreeling the trailer before each of their programmes at Cannes caused a case of recurring babdabs in the audience. One poor patron, provoked by his Nth viewing of the scene in which an Indian girl is about to be assassinated atop a ferial float, cried on the last afternoon at Cannes "Shoot her! Shoot the bloody bitch!"

But at least, praise be, here is a film that throws the full colour palette at the screen (photography by Jack Cardiff), and whose G. A. Benty-ish loopyness is lant star lustre by a cast including Ben Cross, Amy

Irving, Omar Sharif, Rossano Brazzi, Christopher Lee and the ever-inescapable Sir John Gielgud.

Meanwhile at Cannes, a few pavilions away from Goldcrest, two British films unfurled that showed more promise than any of the above. Both are from graduates of the National Film School. Michael Radford's *Another Time Another Place* touchingly narrates the "brief encounter," teetering on romance, between an Italian PoW (Giovanni Mauriallo) and a Scottish married woman (Phyllis Logan) during WW2. The film doesn't quite stay its feature-length course, nor does Robert Wyne Simmons's tale of magic and persuasion in olden Ireland, *The Outcasts*. But both movies have a natural, born-to-it filmic grace. And the first half hour of Simmons's film, climaxing in a hallucina-tory forest scene of raking mists eerie trompe l'oeil and sudden magic, is electrifying.

Meanwhile, back in London. "You were one flesh 24 years ago, boys, never forget that" base-burles again basketball coach Robert Mitchell, re-ssembling a large lizard with sleeping sickness, in *Thor* Championship Season. Jason Miller's Pulitzer Prize winning play climbs onto the screen, directed by Miller himself, looking not much more distinguished than it did in its over-lauded stage appearances.

Bruce Derr, Martin Sheen, Stacy Keach and Paul Sorvino play the four forthright ex-high school chums meeting in Scranton, Pennsylvania, to celebrate the anniversary of their State Basketball Championship under Mitchell's blarney. Big Daddyish gaze, Derr, with teeth, hair and eyes afire, is running for Mayor (Would you vote for him?) Sorvino is running after Derr's wife, Keach is a fifth-grade schoolteacher trying to break into fourth-grade. And Sheen, stumping in a suit, is running for sofa to sofa with loosened tie, is on the bottle.

The film, like the play, resembles *Long Day's Journey Into Night*, re-written for five male voices by a misogynist comedian, Werner Herzog, talked of but never seen. (Where exactly is Derr's much discussed wife?) Each character gets a chance to break into tears before being soundly slapped back to sense by Father Bear Mitchell. And after 100 minutes of this all-boys-together moralising, the film becomes as oppressive as being trapped in a locker room under an avalanche of athletic supporters.

The week's three least pretentious offerings are—*in verse* numerical order—Friday the 13th Part 3, *Sling 2* and *Starlight*. The first is in 3-D and adds to the debauched delights of its predecessors the pop-out immediacy of stereo-scope knives, axes, pitchforks, etc. The second is a dreadful sequel to the Newman-Redford romp, in which Jackie Gleason, Mac Davis, Teri Garr, Oliver Reed and Karl Malden trip the light catatonic in a world of coon sharpsharps and rigged prizefights.

But the third is a cheerful, enjoyable bauble. Amid do-it-yourself Special Effects, Lee Majors, Hal Linden and Lauren Hearst accidentally reveal the world's first hypersonic plane into Outer Space. Pilot Majors and publicist Hutton are on board, offering waitress coffee to the the terrified passengers. Designer Linden is lifted off midway by the space shuttle Columbia and brought down to NASA for consultations. And wicked, cost-cutting aero-tycoon Ray Milland stars on the ground throughout—sensible man—content to look bloated and evil and to roll B-movie lines round his mouth like vintage wine. The film is cut price, but fun.

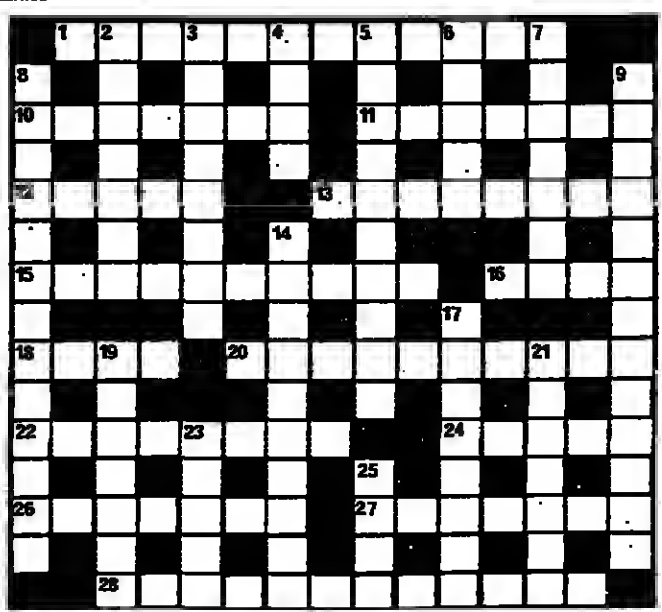
## F.T. CROSSWORD PUZZLE No. 5,182

## ACROSS

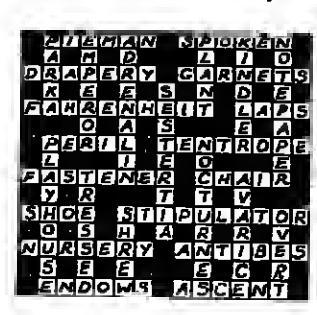
- 1 Sporting activity out of the sun? (6,6)
- 10 Establish firmly I'm a growing thing (7)
- 11 One who's fast may get into it (3,4)
- 12 O, tree! Give a view! (5)
- 14 A matter of suspense? (8)
- 15 Tree in damaged N.E. sites present at the event? (3,7)
- 16 To get length, take top off (4,4)
- 17 I leave fast becoming awkward to handle (4)
- 18 A tailor's pattern or line marker (10)
- 20 Deduces trains (5,3)
- 21 Worried about Uli's jacket? (5)
- 22 Navar in, out, acting on the nerves (7)
- 27 Fashionable—a hit poem (1,2,4)
- 28 It describes the best courses (8,4)

## DOWN

- 2 French drink in desire for the beer? (3,4)
- 3 He suffers with a bid to change name arising (5)
- 4 Funny people. You need them about you (4)
- 5 Taking a view of Hope (10)
- 6 Force to give me lip (5)
- 7 A nose from abroad (7)
- 8 Give one a hint—think we point out (3,3,3,4)



Solution to Puzzle No. 5,181



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Friday May 27 1983

# Learning from past mistakes

THE FUSS which has been made over the Treasury Committee's draft report on exchange rates is a reflection on the standard of candour that voters can expect at election time. Could the Tories on the committee possibly suggest that there could ever have been anything wrong with government policy under Mrs Thatcher? Perhaps the thought!

Yet that is exactly what they did say, and trenchantly, in an earlier report on monetary policy. It is not surprising, then, that the thought reappears, though in a slightly different guise, in a new draft report under the eye of the chairman, Mr Edward Du Cann. He should not be so touchy on the subject, and nor should the Government, which has after all moved some way to meet the criticisms.

The draft is certainly not going to swing very many votes, for much of it is written in the most baffling academic language, and it descends at times into algebra. The idea that interest rates should be set at a level which insures that:

$$w(m, m_0) + v(e, e_0) = 0,$$

which is the committee's central recommendation, will not go down well on the hustings. In English, it means that the Government should aim at some unspecified compromise between a monetary target and an exchange rate target, like the Germans and the Swiss.

Severe. Its central criticism, however, is hardly even controversial. It is that the depth of the recession was in part due to the excessive rise in the value of sterling in 1980 and 1981, which made exports unprofitable and opened the home market to a much higher level of import competition.

No industrialist would be likely to demur. Nor would ministers, if they were candid: to check further damage a large overshoot of 343 was permitted, and subsequently monetary targets were relaxed—both overtly, in a higher growth figure, and covertly through base drift.

Monetary policy, in short, was unintentionally severe, as was openly explained by Mrs Thatcher's personal adviser, Professor Alan Walters, as soon as he took up his post. As the

Americans have subsequently discovered, monetary aggregates can become so distorted at periods of high interest rates and rising exchange values that they are no guide at all to the thrust of policy. The exchange market, in which the supply of and demand for any given currency is balanced minute by minute, gives its own clear message about whether supply is constrained.

Since the purpose of any intermediate target is to tell the authorities whether they are on track for their real objective, the committee might logically have called for the adoption of an exchange rate target for domestic monetary policy. Instead, it calls for a compromise whose balance can be adjusted according to prejudice. Such compromises are the stock in trade of all-party committees. More contentiously, it proposes to target the real exchange rate (which tends to stabilise activity) rather than the nominal rate (which constrains inflation). It places both the major parties by rejecting the EMS.

## Target

However, these choices are largely of academic interest: select committees are effective critics, but have never achieved much as policy-makers. The criticisms in this report are valid, but there is some reason to hope that they are largely historic. The Government and its advisers were unpleasantly surprised at the severity of the 1982/83 squeeze, and in 1981 they changed their policies, both fiscal and monetary. The revised national income figures show that there has indeed been some recovery, though a painfully slow one, ever since. There was a further, covert stimulus in March.

The fuss can do one piece of immediate good: it may help Ministers to resist the temptation not only to greet the recent rise in sterling as an international vote of confidence (which it is), but to treat it as good news and make it a target. The rate is in fact in danger of getting misaligned on the high side again. It would do even more good if Ministers responded by telling us not that they are resolute and inflexible, but that they knew it all along, and that the issue of exchange rates, but we must not ask for miracles.

# The obstacles to lower air fares

THE Department of Trade's decision to allow the low-cost American airline People Express to go ahead with a cheap service from Gatwick to Newark, New Jersey, is welcome. There is every indication that demand for the seats exists and little to suggest that the airline is running undue financial risks on a route which saw Laker Airways founder in the not so distant past.

Moreover, People Express had already been designated for the route some time ago by the U.S. Civil Aeronautics Board under the Anglo-American Bermuda Two air treaty. Furthermore, by the Department of Trade carried the risk that Britain's commitment to the agreement would have looked increasingly suspect.

It has been clear for some time that the department has been using People's Express's application as a lever in its wider negotiations with the Americans over anti-trust action initiated by the U.S. Department of Justice against a number of airlines, including British Airways and British Caledonian Airways.

Earlier this week talks took place in London in an attempt to resolve the problems raised by a criminal anti-trust grand jury investigation into possible collusion in transatlantic air services. The Justice Department's action followed an attempt by the British liquidators of Laker Airways to obtain redress in the U.S. courts for an alleged breach of the anti-trust Sherman Act.

## Argument

The argument for linking People Express's application to the wider issue was that the Justice Department had introduced a new element of risk and uncertainty into the business of airlines from transatlantic routes. If they respond uniformly to the new competitive challenge by cutting fares, could they find themselves subject to another prosecution under American anti-trust law all over again?

Since the grand jury investigation's purpose is simply to establish whether there is a case to be answered, the

Americans have been predictably reluctant to respond to British demands that the action should be dropped. And it seems likely that the aim of the Department of Trade this week was to obtain reassurances for the future. In position throughout has been that even if price fixing had taken place (which it does not accept) it would have been allowable under the Bermuda Two treaty and that the issue is not one for domestic anti-trust law.

## Attempt

Whether it achieved much remains unclear. And it has to be said that so far as arguments about U.S. anti-trust law are concerned, the British position is not as strong as it once was. Since it runs in parallel with the Laker Airways liquidators' attempt to make use of U.S. anti-trust law to obtain redress for their financial losses, the action which the British have strongly criticised in the past.

Moreover, on the parallel issue of extra-territoriality, which has been a bone of contention recently, the Americans have moved to pour oil on troubled waters. Last month a senior State Department official announced a range of statutory and diplomatic measures designed to minimise friction. As well as aiming to expand the practice of prior notice, consultation and co-operation with foreign governments when regulatory enforcement of investigative actions raises dangers of conflict, there are specific proposals for closer inter-departmental co-ordination to ensure that the State Department can advise about foreign concerns.

How far such measures will soften attitudes on anti-trust matters remains to be seen. The Sherman Act gives rise to strong denunciations of passion and principle in the U.S. judiciary, which are not readily susceptible to diplomatic nicety. On the less arcane issue of the level of air fares, meantime, the decision on People Express will help allay fears that the British Government might be tempted to move in a less liberal direction over the transatlantic route.

## AN INTERVIEW WITH MARTIN FELDSTEIN

# 'I am yet to be persuaded . . .'

By Anatole Kaletsky in Washington

CAN ANYTHING be done to protect the world economy from the instability of the dollar and the pressure of U.S. interest rates? Are the unprecedented deficits in the U.S. Government's budget threatening to stifle the incipient world economic recovery by gobbling up too much of the world's savings and disrupting international trade and movements of capital?

These two inter-related questions will dominate this weekend's economic summit in Williamsburg. Although they will be addressed primarily to President Ronald Reagan by the six other world leaders, Mr Martin Feldstein, the President's chief economic adviser, is the man who will be preparing many of the replies.

Mr Feldstein, although appointed chairman of the President's Council of Economic Advisers only last October after a distinguished academic career at Harvard and Oxford, immediately injected a more restrained—some would say more responsible—tone into the Administration's domestic policies and forecasts. In the past few months he has focused increasingly on international matters, helping to raise hopes among some Europeans that President Reagan may come to Williamsburg with a less insular and simplistic economic vision than the one he brought to the last two summits.

could do something to reduce short-run currency fluctuations. The study on intervention commissioned at the Versailles summit showed that this can be done by reducing currency volatility. Why do you still seem opposed even to this kind of "smoothing intervention" which would at least reduce the damage done by currencies overshooting their long-run levels?

Simply because there are virtually no gains from doing it and there are big risks. No real economic activity is hurt by the kind of day-to-day fluctuations which can be smoothed out by intervention alone. Businesses can generally protect themselves against these currency movements in the forward markets for about one tenth of one per cent. If I as a businessman can protect myself against something for that kind of price, I can't believe that it is really terribly damaging.

BUT wouldn't more intervention stop markets feeding on their own expectations—concluding, for instance, that the dollar will go up tomorrow just because it has been rising and nobody has been selling it today?

I often hear this argument about expectations in Europe. Of course a centime movement doesn't mean much to people, but it frightens the markets and so they push the rate down even further. The trouble is that if more of the same kind of movement continues you never know when it will become a real movement. The risk of this kind of intervention is that it is attempting to get rid of the "pure noise" in currency movements you may start pushing against the

fundamentals. You are tempted to say, "I know that the right level for the pound is \$1.56, for instance, and I will intervene to hold it." If you prove wrong then, in the end, you will lose money if you "sterilise" your intervention by buying back in the domestic money market as many dollars as you sold in the foreign exchanges. Of if your intervention is not sterilised, you will change your domestic monetary policy.

## 'There is another rationale for resisting exchange rate movements—what some people call discipline'

In that case you would in effect be changing the fundamentals to make your original hunch about the right exchange rate valid? That's right—we could inflate a bit and bring the dollar down that way. But not only do we object to doing this for domestic reasons, reducing the exchange rate like this in nominal terms would not help our businessmen at all because it is the real exchange rate which determines their ability to compete with other countries. The real exchange rate is not improved by a nominal devaluation which is accompanied by higher domestic inflation. Similarly we could encourage the Germans to intervene by buying up more D-marks. But I see no reason why we should impose deflation on Germany any more than inflation on the U.S.

BUT many economists, including some quite conservative ones, have argued that your monetary policy is too tight and indeed that the strength of the dollar and the capital inflows into the U.S. prove this. In that case sterilised intervention would be appropriate, not inflationary.

I am yet to be persuaded by these arguments. There is no need to see the exchange rate as a symptom of monetary

is out of line with the rest of the world is the U.S. and that your domestic policies, rather than those of any France, are causing the dollar to rise.

My understanding of the phrase "policy convergence" is that it's basically about inflation. But even on this we don't see ourselves lecturing anyone else. I suppose the French and Italians may be lectured a bit by all the other summit nations together and by the IMF.

I would not deny that our budget deficits are a cause of currency movements. What we are saying, though, is that irrespective of the deficits, convergence of inflation rates would still be a necessary condition for currency stability.

If the fundamentals call for a strong dollar for the time being, as you seemed to be suggesting, do you think the Europeans are just doing themselves harm by trying to keep their currencies from falling against the dollar?

There is another rationale for resisting exchange rate movements—what some people call "discipline." This may be an important issue depending on the political conditions.

Economists like to say that having floating exchange rates reduces the degree of freedom in economic policy, but for politicians fixed exchange rates can actually make some things possible which would be politically unacceptable otherwise.

This is not true for the U.S. because the value of the dollar has no political symbolism. But in other countries, if governments want to deflate, concern about the currency makes it politically possible. I am not saying they ought to deflate in the present circumstances, just noting that politically it is always easier to expand than to deflate and the exchange rate can give politicians a reason for deflation.

BUT most European governments are now primarily concerned with economic recovery, so does their attitude to the dollar surprise you?

It did at first, but I think I understand it better now. In any case, the strength of the dollar and our trade deficits are helping the rest of the world recover. If we had a better balanced domestic expansion—with more on the monetary side and less on the fiscal side—of the kind our trading partners have been suggesting, it would have been better for our economy. But it would actually have helped others less.

But other governments don't see the strong dollar as an upward pressure on their inflation and forces them to offset these pressures, at a price. The politicians see this clearly while the businessmen are less aware of the advantages they enjoy from an undervalued currency.

Our deficits also keep world interest rates higher than they otherwise would be and this is something that other governments cannot control and understandably dislike. These interest rates then exacerbate the problem of financial investment being too attractive relative to investment in plants and equipment—something the Germans are particularly sensitive about.

IS there any way that other governments can insulate their domestic interest rates from the effects of the U.S.?

Only by letting their currencies fall so far that the markets come to expect a rebound big enough to compensate for the interest differential.

But governments can insulate their domestic economies from some of the harmful effects of high interest rates if they wish. They can offset the general deflationary effects through fiscal policy. If they thought that the current situation would persist they could also escape some of the harmful microeconomic effects by redesigning their tax systems to encourage real capital investment more strongly, for instance.

DO you agree then with Mr Donald Regan, the Treasury Secretary, who said last week that it was "stupid" of European governments to complain about U.S. budget and trade deficits, since the budget is helping the U.S. recover while the trade deficits are pulling the world economy down?

Domestically, I do not think our recovery is a result of fiscal stimulus. High interest rates have given us a trade deficit of 24 per cent of GNP. The reduction in investment and in consumer spending on interest-sensitive items must add up to at least another 1 per cent. Together these more than offset the fiscal stimulus from having an excessive budget deficit.

But insofar as the Europeans and the rest of the world in the past have been stupid it is because of the balance of payments constraint, our deficits certainly give them more room to grow.

## Men & Matters

### Happy landing

For more than two months the City has been wondering about the future of David Macdonald, former director-general of the Transport and General Workers' Union, who resigned as chief executive of merchant bank Anthony Gibbs in March.

The departure from Gibbs was seen as a result of Macdonald's abrupt changes at the bank, particularly the new requirement for closer ties with parent Hong Kong and Shanghai Banking Corporation's merchant bank, Wardley, which he had to pour oil on troubled waters. Last month a senior State Department official announced a range of statutory and diplomatic measures designed to minimise friction. As well as aiming to expand the practice of prior notice, consultation and co-operation with foreign governments when regulatory enforcement of investigative actions raises dangers of conflict, there are specific proposals for closer inter-departmental co-ordination to ensure that the State Department can advise about foreign concerns.

How far such measures will soften attitudes on anti-trust matters remains to be seen. The Sherman Act gives rise to strong denunciations of passion and principle in the U.S. judiciary, which are not readily susceptible to diplomatic nicety. On the less arcane issue of the level of air fares, meantime, the decision on People Express will help allay fears that the British Government might be tempted to move in a less liberal direction over the transatlantic route.

"At the moment you fire when ordered—under a Labour government you would consult the Party Manifesto"

keep his finger in other pies such as his involvement as chairman of Bath and Portland PLC, and his directorship in Seaton's Engineering Co. Ltd.

He is now a "senior adviser" and this will be outside the normal structure of deputy chairman and executive director. "It won't be nine to five every day," explains Hennessy.

Does this signal CSFB's desire to move away from the world of merchant banking, where it has a top sales reputation?

Certainly not, says Hennessy. But the UK merchant banking house where CSFB is hardly a household name, is seen by the bank as an area of "long-term development."

### Tookey's watch

Richard William Tooke, aged 48, has taken over the helm as president of the General Council of British Shipping at a time when the British merchant fleet is bucking a Force Eight gale.

From being the biggest fleet afloat it has fallen to number seven in the world shipping league.

Tooke is far from depressed, however. As a keen yachtsman on the River Mersey perhaps he contemplates on his sailing weekends that the Dutch penetrated that river in the 17th Century and left British naval strategy apparently in ruins at the time.

As an experienced shipping man—he is in charge of the Shell international fleet—he foresees that shipowners grasping a new range of market opportunities.

Speaking as an insider he forecasts to me yesterday that the decline in the oil trade is unlikely to be reversed in the near future. But he is optimistic about prospects for bulk carriers and container ships.

"British shipowners are still active in all sectors of shipping," he says "and it should be remembered that, as a nation, we still have a higher share of world shipping than we have of world import-export trade."

### Wrong cover

Throughout the revelations, embarrassments and upheavals, which have rocked the bank in recent months the 20,000 underwriting members of Lloyds of London have enjoyed one steady consolation—the splendid Captain's Table—their private restaurant in Lime Street in the City of London.

Its special qualities were discovered almost by chance by interested outsiders—the hoard of the porters Josiah Wedgwood and Sons.

Wedgwood has formed the habit of distributing 50 inscribed Jasperware plaques worldwide every two years to the caterers it feels most deserve the accolade by serving good food on Wedgwood ware.

By chance the porters penetrated the innermost fastnesses of Lloyds. And almost at once decided the Wedgwood plaque must be awarded.

Relentless to seek out the facts I had lunch at the Captain's Table myself yesterday with the Wedgwood people.

Turning over my dinner plate I read—"Royal Doulton."

### Business risk

While Graham Sherren and Roy Assersohn stoutly protest that their new business venture they are not banking on Conservative election victory I can only comment—I must help them.

Former architect of the Morgan Grampian business publications empire Sherren—who sold out to Trafalgar House for £20m—is putting up some

£700,000 to launch and promote Your Business. This new magazine will be aimed good and hard at the market created by Britain's fast-growing number of small independent businesses.

Assersohn, formerly Daily Express City editor, is providing both publishing and editorial expertise.

There can be no doubts about Mrs Thatcher's enthusiasm for small businesses following her early experience in the family shop at Grantham.

But Sherren is, I feel, being a trifle optimistic when he asserts that a Labour government would be equally anxious to press ahead with a programme to the small, independent trader's advantage.

The point is academic, however, as plans for the launch of the new magazine next September have already been hardened up.

It will have a print run at first of 50,000 fortnightly and Sherren's target is to see a copy inside every one of the 514,000 British businesses employing under 200 people.

### Dead cert


Strange things happen in Irish rural elections which might well mystify British politicians.

But even the hardened campaigners in Fermanagh-South Tyrone were surprised by one postal vote application which turned up this week.

It was accompanied by a doctor's certificate testifying that the applicant was incapacitated and would be unable to go to the polling station. True enough—he had been dead for six months.

As one canvasser said, "It's not unknown for the dead to vote in this constituency—but they don't usually apply for postal votes."

Observer



## National Coverage

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## THE WELFARE STATE

## Radical dreams, costly pledges

By Ian Hargreaves

MARGARET THATCHER became Prime Minister in 1979 on the basis of a manifesto which said almost nothing about social policy, but she goes back to the country amid widespread allegations that her aim is a second term of office will be to dismantle the welfare state.

Since the current manifesto is not much more forthcoming than its predecessor, the argument about radical intentions has to be tested in three other ways: against the public comments of Mrs Thatcher and other senior ministers; against a series of policy discussion leaks in the last nine months; and finally against the record.

Mrs Thatcher has devoted few words to social policy. Her favourite quotation is Winston Churchill's remarks about the need for a ladder of opportunity and a safety net for those who stumble. She also speaks warmly about "this great benevolent feeling" she believes exists in Britain and which the Government has tried to foster by its support for voluntary organisations and charitable giving, which are seen as potential if partial substitutes for bits of the welfare state.

If a comprehensive philosophy of welfare exists in the Cabinet, its most careful exponent is probably Sir Geoffrey Howe.

In an article earlier this year, Sir Geoffrey argued that public spending must fall as a proportion of national income not only for reasons of economic regeneration, but because monopolies in welfare are as bad for the consumer as monopolies in commerce. As a result, Sir Geoffrey suggested charges for certain welfare services "as a preliminary to some form of private sector involvement."

The leaks from the Think Tank and the ministerial family policy group went a good deal further. The former, making deeply pessimistic assumptions about growth, unemployment and the defence budget, concluded that public spending was out of control. Radical



measures, such as private insurance, to replace the National Health, vouchers and student loans in education and de-indexation of social security benefits were postulated.

The document, along with subsequent similar leaks have been widely disowned by the Prime Minister.

The family policy group documents were more rambling and less sensational, painting a slightly quaint picture of a group of politicians yearning not only for education vouchers (now, apparently, off the agenda), but also for women to stay at home and look after the kids and the old folk.

When it comes to deeds rather than words, the picture is equally murky. Social spending rose in real terms from £54.6bn in 1979 to £57.7bn this year, claiming about 54 per cent of total public expenditure in each year. The growth factor, however, has been the social security budget, up from £25.4bn to £30.5bn, four-fifths of which is index-linked, and which has been swollen by the rise in unemployment.

The big drop to offset this has been in the housing programme (down from £5.9bn to £2.5bn), where subsidies to council tenants have been cut back from rough parity with those offered to mortgage holders to one quarter that level. Council rents have doubled under Mrs Thatcher and Shelter, the pressure group, says the country is short of

When Mrs Thatcher took office fewer than 3m people received supplementary benefit, the final, means-tested safety net. Today the figure is well over 4m.



has raised sharply the proportional tax burden on the lowest paid (up 6.5 per cent for the family on average earnings) while reducing it for the highest paid. When Mrs Thatcher took office, fewer than 3m people received supplementary benefit—the final means-tested safety net in the British system. Today, the figure is well over 4m, meaning that almost 7m people, an eighth of the population, is living on the state-assessed poverty line.

"This is an unprecedented post-war increase in poverty and, despite Government claims, the burden of the recession has not been shared fairly. The gap between rich and poor has got wider," says R. Lister, director of CPAG.

Even the CPAG survey, however, argues that "it is premature to speak of the welfare state dismantled." Several contributions point to continuity between the record of Labour and Conservative Government. This continuity is also acknowledged in a recent collection of essays on the welfare state, in which an attempt is made to resolve tensions between the collectivist reforming ethos of old, whose goal was uniform provision throughout the land, and the recent desire for more flexible services and more local control.

Labour's manifesto, however, is primarily a list of expensive promises: £2 a week on child benefit (cost £1.2bn); £1.45 on

the old age pension; 3 per cent a year extra on the NHS and 4 per cent on social services; a council house rent freeze and a 50 per cent increase in the housing programme. And this is just the initial crash programme.

The risk, of course, with such shopping lists is that they strain credibility. Even the Fabian essays point out that the plans for larger transfer payments and more services in Labour's 1982 policy statement, from which the manifesto is drawn, do not add up. "If the party does not reconcile these aims while it has time, the foreign exchange markets will do so thereafter," it says.

On the other hand, Labour has much to gain politically if it can cast itself as the defender of the NHS and the rest of the welfare state, which recent opinion polls suggest remains fairly sacred in the British way of thinking.

The Alliance, meanwhile, is hazing away with ambitious projects for the centre. To call an SDP-originated plan for social security "the new Beveridge" may be a touch grandiose, but the proposed tax-credit system would have the great merit of eliminating the serious problem of the low take-up of several of the 44 benefits which constitute the existing social security maze.

A £1.75bn package, including rises in child benefit and unemployment benefit, would launch the policy and it would be paid for, chiefly, by scrapping the married man's tax allowance.

Conservatives criticise the plan on the grounds that it would expose even more people than currently to high marginal rates of tax and so undermine work incentives. It would penalise married couples whose children have grown up. Labour dislikes it because it dislikes means tests, preferring to base policy on universal benefits.

This debate between universalism and selectivity is bound to break with the pace and change of public spending pressure.

While the Think Tank's account was calculated more to frighten than inform, by the end of the century we will have 20 per cent more over-75s and although the number of pensioners has grown up, Labour, inbuilt factors in the system guarantee, according to some

independent estimates, a doubling of costs. The elderly already cost three times more than the unemployed in benefits, not to mention the demands they place on the NHS. In searching for a "community care" approach to looking after the old, however, Mrs Thatcher's ministers are neither breaking new ground nor certain to find cheaper solutions. Mr Norman Fowler, the Social Services Secretary, argues "the idea never was intended to be a cheap option." He believes that care for old people within their families is desirable "in terms of quality of care" but he is unable to offer much in the way of commitment that the Government would, for example, extend invalid care allowances to married women, the obvious policy to encourage such a process without causing hardship.

Mr Fowler says the essential difference between Labour and Conservative social policy is the former's desire to do everything through central or local government against the latter's desire to harness what is seen as the bonus of private sector resources and voluntary effort.

His opponents say the real aim is an American-style two-tier health service, with the poor left to rely on inferior welfare hospitals. They also argue that as North Sea oil ebbs and the pressures rise against the social share of public expenditure, benefits will be cut. Certainly the Tory manifesto is carefully worded to permit the possibility of de-indexing or cutting unemployment benefits, which some ministers would like to see anyway as part of the drive to reduce wages and price more people into low-paid jobs.

At this stage, however, all that can be said with certainty is that Mrs Thatcher has encouraged a swirl of radical ideas, without even feeling enough confidence to discuss them publicly. As you look back at the peccancy of her own remarks on the subject, it is hard to avoid the impression that she has not yet made up her mind.

*Thatcherism and the Poor.* CPAG, 1 Macklin Street, London, WC2B 5NH £2.25. *The Future of the Welfare State* ed. H. Glennerster. Heinemann. Case: £14.50 Paper: £5.95.

## Lombard Elastic glossary of default

By Nicholas Colchester

"MORATORIUM" is the up and coming word in the lexicon of international bank debt. It is not a new word, but its emergence marks the next stage in the Western banking system's progressive suspension of disbelief. It now seems possible that Brazil will declare a moratorium on part of all of its foreign debt and let Western banks, their regulators and their auditors decide what to make of it.

There is an ascending scale of terms used to describe the manoeuvres with which borrowers and banks draw a veil over the former's inability to repay the latter. They are used so frequently and loosely that a glossary may be in order.

The scale starts with *restructuring* in which a borrower pays off one loan with the proceeds of another from the same or another lender. It moves on to *restructuring* where a borrower arranges to replace debt of one maturity with debt of another and usually longer, maturity and possibly of a different type—the issue of securities to pay off bank debt, for instance. Both these manoeuvres cover a wide range in the spectrum of disquiet in arranging either bankers can do everything from ruff their hands with satisfaction to wring them with impotence. It depends upon the credit status of the borrower, and the degree of force majeure involved.

Next on the scale comes *rescheduling*. The whiff of euphemism now makes it obvious that tension is rising. Rescheduling involves delaying the moment when the principal of an existing debt is repaid. Interest should continue to flow and the banker may exact a fee and a higher margin in return for the prolongation.

Default is the most common and most confusing term of them all. Used loosely as a verb—"Poland has defaulted"—it means anything from failure to make an interest payment to intent never to pay off a debt at all. More technically and precisely, the state of default is a state imposed at the whim of the lender. Given the failure of a borrower to meet the terms of a loan—the event of default—the lender has to decide whether to declare default.

This is a tricky decision because such a declaration by one lender often gives rights to others to follow suit and bring the borrower's finances crashing down. Hence the tendency is to "reschedule" before or after the "event of default" and to avoid "declaration of default" for as long as possible. The word default offers much scope for imprecision.

Moratorium is the next rung up the ladder. It is a declaration by a borrower that he needs a certain time to sort out his affairs and that during that time he will make no repayments of principal due.

Finally there is *repudiation*. This is a borrower's ultimate deterrent—an outright declaration that he does not intend to service or repay existing debts. At every earlier point on the scale the banker can convince himself that his loans may yet perform, but with repudiation such hopes must vanish.

## Shocks

It is in moving up this scale of words, towards repudiation, that the Western credit system has shown itself to be so extraordinarily elastic—much more elastic than in the days when international debt took the form of bonds. The elasticity has absorbed the recent shocks but it has also provided an excuse for banks and governments not to consider long-term solutions to the debt problem. Most of these solutions would involve banks owing up to losses and governments overtly lending, or subsidising, or guaranteeing. Why should they be interested when all such actions can be postponed or disguised?

As moratorium comes into vogue, banks, auditors and regulators will doubtless make the best of it—they will point to the continued commitment to repay and, they hope, the continuing flow of interest. They may even call it more "realistic" and "even-handed" than frenzied negotiations over different categories of debt. But underneath they will know that the banking system is now becoming very dependent on central banks as guarantors of liquidity and that the elastic has little stretch left in it.

## Letters to the Editor

## Insufficient government measures to protect British shipping

From the General Secretary, National Union of Seamen

Sir—Your leader (May 25) argues against government measures to protect British shipping and asserts that attempts to insulate the British industry from world markets would be self-defeating. This argument has been the mainstay of those whose blind dogma prevents them recognising the realities of international trade and shipping.

In the last four years the UK owned and registered fleet has dropped from 1,200 to 850 vessels and only last week the Committee on Invisible Exports noted that the continuing decline resulted in a 20 per cent drop in overseas earnings, at a time when world trade fell by only one per cent. Clearly, a lack of government intervention will only allow this trend to continue, particularly when investment is at its lowest level for over 10 years.

Your defence of free trade is based on the argument that "some two-thirds of the industry's revenue comes from cross-trading." This is incorrect as the widely quoted "two-thirds" refers only to freight earnings, and when earnings from such as passenger carryings are taken into account, the share drops to a half. It does not take into account the registry and manning of vessels—some of cross-trade earnings come from UK owned, foreign manned vessels, which represent a net drain on national revenue. The slump in trade is

greatest in cross-trading and the Committee on Invisible Exports expects this sector to see a further decline this year, with no prospects for real recovery.

Most importantly there is a widespread failure to recognise that UK shipping has scope to offset the decline in cross-trading by increasing activity in UK direct foreign trading and the UK coastal trade.

UK flag vessels carry only one-third of our direct trade, yet there is a growing acceptance of moves to manage international trade on the basis that direct traders each carry 40 per cent of trade, and 20 per cent is available for cross-traders.

Already we have the UN liner code coming into force, and a level Council rents have been cut back from rough parity with those offered to mortgage holders to one quarter that level. Council rents have doubled under Mrs Thatcher and Shelter, the pressure group, says the country is short of

Similarly, a third of UK coastal trade and indeed half the UK offshore supply trade, are carried by foreign vessels because they are open to all comers. Other nations, however, notably U.S.A., Japan, West Germany, France, Italy and Greece, reserve their coastal trade for their own vessels. The UK should follow their example.

Moves to managed international trade and intervention by the UK Government can only benefit UK shipping. The logi-

cal extension of free trade means free competition in crucial areas such as wages and safety. It is quite unrealistic to believe that UK seamen's pay should be brought down to the subsistence level of Third World seamen on flags of convenience vessels which compromise nearly a third of the world's fleet and have a safety record two and a half times worse than the world's average. It is true that the solution to our industry's problems is seen in terms of the law of the jungle, sub-standard wages and sub-standard vessels. Fortunately, there are others with a wider perspective who recognise that managed trade provides opportunities for negotiated and equitable solutions. Jim Slater, *Merritts House, Old Town, Clapham, SW4.*

From Mr G. Bonwick  
Sir—In "The Future for British Shipping" (Leader, May 25) you observed that "the industry needs all the good management it can get." This observation reminded me that in an earlier leading article, "The case for the shipowners," you remarked that the shipping industry needed "all the good capital it can lay its hands on." My response to the latter which you kindly published was that capital would be readily forthcoming if another of the industry's needs were met, namely, "top and middle management of the right

calibre." The President of the then Chamber of Shipping had admitted this need only the week previously. As the foregoing took place in October 1986 it would seem there has been little change for the better, in this connection at least.

I also expressed the opinion that "the British shipping industry's record in modern times gives cause for serious national concern and certainly lacks confidence in the future." It is obvious from recent remarks by industry spokesmen, and pleas to the Government for assistance of one kind or another, that the state of the industry still occasions concern, and that the "bleak outlook" to which I referred in your columns 17 years ago is no less bleak today.

Two years ago almost to the day (May 31, 1973) in further correspondence in your columns I mentioned an article contributed to a specialist shipping journal by merchant banker Mr Paul Slater in which he stated that "the underutilisation of manpower, resources and goodwill by British shipowners in times when the world shipping industry has needed all the good management of industry." The profitability record of British shipping companies, he concluded, tells its own tale." George J. Bonwick, *17 Chestnut Avenue, Wokingham, Berks.*

## Non-executive directors

From the Managing Partner, Corporate Consulting Group

Sir—Ray Mangham's article (May 11) suggests a stark contrast in board structures of BTR and Tilling is one of the major issues.

You cannot tell a great deal from the formal structure of the board alone. The market is littered with notable companies who have been in progressive and self-evident decline for a number of years without having the self-regulating energy to break with the past and change direction. Boards with a strong contingent of non-executive directors and boards with a token presence are equally well represented.

The more interesting question is what is the role and capability of the non-executive directors in these circumstances? I suggest it is not the task of generating high performance and sustaining it. That has to be the executive's job and the bottom line over time will reflect their quality, energy and degree of emotional attachment for things past.

The task of the non-executive director is different. It is to set the framework within which high performance can take place. I have no knowledge of how things are done at BTR or Tilling. What is clear from a great number of other examples is that the emphasis placed on being a "good colleague" in selecting non-executive directors is likely to produce more comfort than challenge. The result is to perpetuate rather than stretch or change.

Planning is the other culprit. The value of good analysis is obvious to everyone. But most is derivative, and not fundamental. The pressures are for more of the same and boards tend to be uncoupled from the process until the executive preference has emerged and been tabled in all its detail. It is too late then to do the simple and basic things.

The combination of "good" colleagues and historically driven strategies produces the "frogs" who now make up a large part of the corporate population. Frogs in the real world, as you are perhaps aware, have the unenviable capacity to sit quietly in water which is progressively heated to boiling point, without sensing their own destruction. And therein lies the essence of the non-executive director; judging the timing of the turning-point and insisting on it happening.

Leslie Dighton, *Corporate Consulting Group, 54, Buckingham Gate, SW1.*

## Foreign exchange markets

From Mr J. Williamson

Sir—Geoffrey Wood (May 20) is mistaken on two counts in arguing that the use of unsterilised intervention to limit overvaluation would condemn a country that had once started to inflate to never stop.

Unsterilised intervention would in no way impede the use of a balanced package of monetary, fiscal, and incomes policies to reduce inflation. Indeed, it would provide a rule for maintaining the monetary element of such a package in balance. Unless it were to be taken to the point of preventing rather than limiting real appreciation, unsterilised intervention would not preclude the use of the counter-inflation strategy that has recently been ideologically fashionable, of monetary restraint largely unsupported by other policies. It would merely cap the short-run output loss that such a strategy entails. Inflation would in consequence

decline somewhat less rapidly, but would Britain really be worse off if inflation were still 2 per cent higher but unemployment was in consequence several hundred thousand lower? John Williamson, *Institute for International Economics, 11, Du Pont Circle NW, Washington, DC, 20036.*

## Approaches to child benefit

From Mr R. Layard

Sir—I was surprised to see (April 28) that Samuel Brittan believes that "the most cost-effective way of reducing the poverty (and indeed unemployment) traps is almost certainly a big increase in child benefit as it is possible to secure."

In fact universal increases in child benefit are a very inefficient way of widening the gap between income in and out of work. For most of the money goes to families with incomes way above the supplementary

benefit level, and for whom the comparison of income in and out of work is not an important issue. The efficient way to increase the gap where it matters is to concentrate the aid to children on those children who are in poor families. This is what the SDP proposes doing in its "basic benefit." This approach would be both more efficient and more equitable. Richard Layard, *London School of Economics, Houghton Street, WC2.*

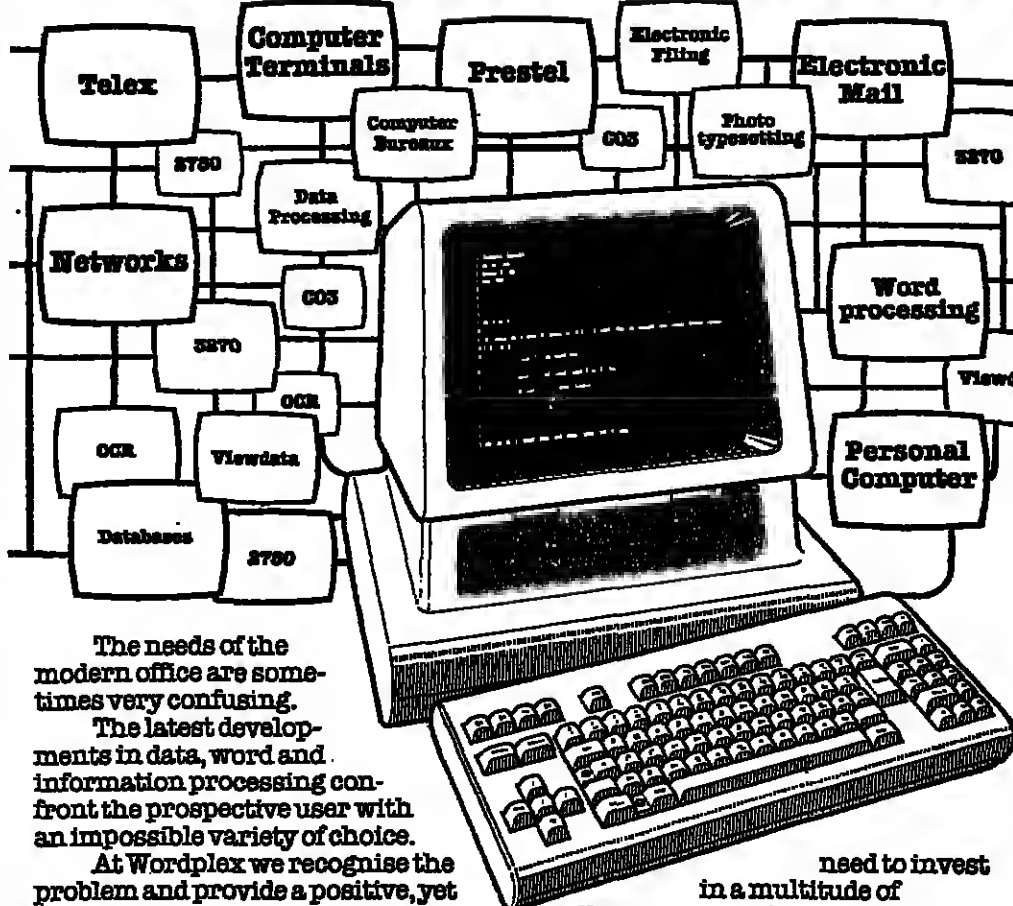
## Two live adages

From Mr P. Ridley

Sir—I have read many of the recent lengthy and expert letters on pensions with some difficulty and not a little dismay.

Although my technical knowledge and experience in pensions are limited, my personal observations lead me to believe that, when it was possible so to do, most people leaving an occupational pension scheme on

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## SECTION II - INTERNATIONAL COMPANIES FINANCIAL TIMES

Friday May 27 1983

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### Preussag holds payout despite drop in profits

By John Davies in Hanover

PREUSSAG, the West German metals, energy and transport concern, is maintaining its dividend despite a decline in earnings.

The parent company's net profit last year declined 27 per cent to DM 70.5m (\$38.3m), while the group's worldwide net surplus was down 35 per cent to DM 93.3m. However, the dividend is being held at DM 8 per DM 50 share.

The domestic concern, including West German subsidiaries, increased sales revenue marginally to DM 4.1bn. Including subsidiaries abroad, the worldwide group lifted sales 6.7 per cent to DM 11.2bn.

Preussag made heavier but unspecified losses in metals processing, with recessionary pressures on lead and zinc prices and structural overcapacity in the European zinc industry.

The company has cut capacity at its Harlingerode zinc works, but claims that subsidies are preventing cutbacks in other producers' capacity in Belgium, Holland and France.

Preussag, which has an 88 per cent stake in Anagard Metall Corporation of the UK, believes it can maintain its earnings this year, although benefits of an economic

upturn are unlikely to be felt much before the end of the year.

Dr Günther Sassmannshausen, chief executive, said that Preussag's losses in the metals division in the first quarter of this year were worse than a year ago but showed an improvement in comparison to the fourth quarter of last year.

He expressed concern about the trend towards higher electricity prices in West Germany.

The company's metals processing plants had been enjoying relatively favourable electricity costs under long-term contracts, but cost pressures would intensify in the future.

### Klöckner-Humboldt-Deutz hit by export market weakness

By James Buchanan in Cologne

KLÖCKNER-Humboldt-Deutz, the West German engineering group, suffered a 21 per cent drop in orders booked in the first four months of this year because of the weak export markets that are troubling the entire industry.

Herr Bodo Liebe, chief executive, was reluctant to predict the export outlook this year for the diesel engines, agricultural machinery and industrial plant which are KHD's chief product lines. However, he believes the group will outperform the rest of the West German industry after increasing parent company af-

fecting after two larger orders in 1981. However, Herr Liebe pointed out that in common with other German plant exporters, KHD is tending to contract out large elements of big plant orders to subsidiaries in cheaper countries.

Overall external world sales in 1982 increased by DM 63m to DM 5bn, while turnover at the parent company climbed DM 7m to DM 3.62bn. The improved earnings, which Herr Liebe ascribed exclusively to cost-cutting measures, have freed the board to propose a 50 pfennig increase in dividend to DM 7.50 per DM 50 share.

Parent company sales in the first four months were also down, by 8 per cent to DM 1.1bn with an 11 per cent drop in overseas business.

However, Herr Liebe said there were signs of life in the domestic market for engines and domestic sales in the tractor and agricultural machinery division increased by 27 per cent.

This year's sales are marked by the 21 per cent drop in orders booked by the parent company in 1982, down to DM 3.8bn. The industrial plant division was particularly

### Dutch dredger makers squeezed

By Walter Ellis in Amsterdam

DUTCH dredger-building yards are in trouble because of the almost total collapse of the world dredger market in the face of economic recession.

Mr T.P. de Jooden, head of the board of management of IHC Holland, part of IHC Holdings, says that in 1982 even the major Dutch dredger operating companies, such as Boskalis Westminster and Volker Stevin, invested little or nothing in new dredgers. "The price of the few orders remaining thus came under considerable pressure," he says.

Mr de Jooden was speaking at the opening of a new building dock in Sliedrecht, south of Rotterdam. The new dock had cost FI 80m

(\$28m) and so far there was not nearly enough work to repay the investment.

In spite of the lack of orders, IHC intends carrying on with the modernising of its facilities. A further FI 80m to FI 90m is to be invested over the next few years in improvements to a second yard in Kinderdijk, 30 per cent of which will take the form of a subsidiary from the Dutch companies' mutual loans fund.

IHC also plans to spend some FI 50m on its Sliedrecht facilities and will have to seek loans for this purpose from the Netherlands Investment Bank and from commercial banks.

IHC believes that if it can stay ahead of its competition, especially that from South Korea and Japan, it will be in a better position to profit from any forthcoming economic recovery.

De Schelde, the Vlissingen shipyard, has been declared formally independent of RSV, the ailing Dutch engineering group. It is to be released from the terms of RSV's moratorium on debt repayments within the next few days. New owners of the company are to be Marine en Industrie Belangen Vlissingen, a foundation managed by the National Investment Bank.

Special government support is to be given to the new venture

### DG Bank doubles earnings

By Stewart Fleming in Frankfurt

DG BANK, the central banking institution of the West German co-operative movement, has announced its net profits for 1982 have risen to DM 100m (\$49.15m) from the depressed level of DM 52.5m reported in 1981 when the bank was forced to omit its dividend.

The bank had previously said that it would resume dividend payments for 1982 at a rate of 5 per cent and that it was planning to raise DM 200m of new equity from its owners, primarily the eight regional co-operative central banks.

Herr Helmut Guthardt, the bank's chief executive, said that amongst the factors behind the decision to call for a capital increase

was the need to expand the capital base of the bank. This would enable it to comply with the stricter capital ratios for banks which will result when they are required to present consolidated accounts to the banking supervisors.

On the assumption that the bank's wholly-owned mortgage banking subsidiary does not have to be consolidated the capital increase means that DG Bank would have no problem with capital ratios on consolidation, he said.

Negotiations are currently underway between the banks and bank supervisory agencies in West Germany about the question of consolidated accounting, but at present

broad differences exist and the timing of any change is uncertain.

Behind the recovery in DG Bank's earnings is the sharp fall in interest rates in West Germany last year which was particularly important for the bank which relies heavily on money market funds and deposits from retail co-operative banks.

As a result of its substantial international involvement, as well as domestic failures such as the financial collapse of AEG-Telefunken which cost DG Bank DM 70m, the bank has had to dramatically increase its loan loss provisions. Disposed provisions rose from DM 25m to DM 124m.

### Proxy win for Louisiana Land

By Our New York Staff

LOUISIANA Land and Exploration, the U.S. oil and gas exploration and development company, has claimed victory in the fierce proxy battle launched by Mr Delo Caspary, a Rockport, Texas businessman.

Louisiana Land said Mr Caspary had won the support of a number of the major shareholders in his bid to unseat the board but that it had received over 78 per cent of the shareholder vote which was not already committed

### Offshore banking ruled out

By Jurek Martin in Tokyo

THE GOVERNOR of the Bank of Japan yesterday formally reiterated his opposition to any early establishment of an offshore banking facility in Tokyo.

Mr Haruo Maekawa emphasised that he was not against an offshore market as such but that at the moment he was "not in favour."

The problem, he suggested, was that Japan could find itself with an uncomfortable contrast between a free offshore market and a regulated domestic financial system, particularly as far as the yen was concerned.

Mr Maekawa said the first step was to remove domestic interest rate regulation, which could be a lengthy process.

Mr Maekawa also expressed concern that offshore markets "tend to go too far." He thought the debt problems of the developing countries had been exacerbated by the undisciplined provision of finance. Offshore markets were not lenders of last resort.

The central bank is also known to be concerned about the implications for monetary policy as well as for the domestic financial system.

### Swiss banks back watchmakers' merger

By John Wicks in Zurich

SWISS BANKS will provide SwFr 650m (\$318m) to support the merger of Asag and SSIH, the two big Swiss watchmakers which have been losing money in recent years.

The financial package, aimed at underpinning the newly formed holding company, includes SwFr 118m in debt write-offs, SwFr 392m of debt into equity conversions and SwFr 150m of new convertible loans.

The additional aid complements the SwFr 300m advanced in SSIH in 1981 following a bank rescue. The two companies have faced serious trading problems, largely as a

result of competition from Japan in traditional watch markets.

The two groups had combined 1982 sales of SwFr 1.7bn. The capital resources of the newly formed holding company will total SwFr 600m of which half will be in the form of equity capital.

The new holding company will have three separate operating units. Its major watch brands include Tissot, Omega and Longines.

Asag is controlled by watch-industry interests and the banks, with an 8 per cent stake being held by the Federal Government, while SSIH has since the 1981 re-organisation been owned almost wholly

by the banks. The banks will, however, offer their shares in the new holding company to the public "as soon as possible," said Dr Peter Gross, who is both chairman of SSIH and a general manager of Union Bank of Switzerland.

Mr Ulrich Fuentschilling, of Swiss Corporation, said the new company should "certainly be in the black" within three years. There was, however, unlikely to be any significant change in turnover.

Asag, which has been running at a deficit since 1977, booked a further net loss of SwFr 129m last year after extraordinary depreciation and provisions of SwFr 270m. After

### Founder of Atari ends rift with Warner

By Paul Taylor in New York

ATARI, the video games and home computer subsidiary of Warner Communications, and Mr Nolan Bushnell, Atari's founder and father of the \$300-a-year video games industry, have agreed to work together to end a bitter six-year rift.

Atari and Pizza Time Theatre of which Mr Bushnell is chairman and chief executive, announced yesterday that they have signed an agreement under which Atari has acquired consumer rights to co-operated video games developed by Mr Bushnell and his business associates.

The agreement marks the dramatic end to a noisy public row between Mr Bushnell and Atari which began after Warner Communications bought the company from Mr Bushnell for \$25m in 1976, four years after the Californian inventor set it up. Last year Warner Communications' consumer electronics division, which is mostly composed of Atari, had revenues of \$2bn.

After the sale of Atari, Mr Bushnell founded the Pizza Time theatre chain which makes its money selling pizza and providing video game and other entertainment, including giant singing robot animals, to children between the ages of two and 12 years.

Mr Bushnell had been working on a new range of arcade video games to be launched in October when he is free from his promise not to compete with Atari. He had boasted that by 1986 the new machines would have 40 per cent of the market.

### Amev starts year on good note

By Walter Ellis in Amsterdam

NET profit at Amev, the second-largest Dutch insurance group, rose by 5 per cent during the first quarter of this year while earnings at the number three insurer, Ennia, went up only fractionally. Amev continues to expect an increase in profits for 1983 as a whole. Ennia is content to forecast an overall net income similar to that for last year.

Results for Amev show earnings from January to April of FI 40m (\$14.3m). Although this is up on the same period last year, earnings per share fell slightly due to a stock issue on February 8. Life insurance business grew by 10 per cent during the first quarter, but non-life business was down 81 per cent, mainly as a result of higher claims in the medical expenses division in the U.S.

Results from other activities are much improved, with the company's American financing venture and property activities both up. Gross receipts for the quarter reached FI 1.38bn, an increase of 14 per cent.

### Kaiser Steel resumes talks with Jacobs

By William Hall in New York

KAISER Steel, the ninth biggest U.S. steel company which turned down a bid from a group of investors headed by Mr Irwin Jacobs a fortnight ago, has reopened talks with Mr Jacobs.

Kaiser Steel said last week that it was actively pursuing discussions with other potential purchasers after rejecting Mr Jacobs' bid which it described as "inadequate and unfair to other stockholders."

The Jacobs consortium, which owns 15.3 per cent of Kaiser Steel, had made an offer worth at least \$285m. Following Kaiser's rebuttal the Jacobs group announced that it would put up its own directors to stand for the Kaiser board at the company's annual meeting on July 6.

### INI predicts further loss of Pta 80bn

By David White in Madrid

SPAIN'S state-owned Instituto Nacional de Industria (INI), the country's largest industrial group and biggest debtor, expects to accumulate a further Pta 80bn (\$577m) in losses this year.

This was disclosed by Sr Enrique Moya, the new INI chairman.

Under its present management, INI has set a four-year target for breaking even. But its car and heavy manufacturing subsidiaries are expected to stay in the red at least until next year, adding to heavy deficits at the group's under-used and over-manned steel mills and shipyards.

However, the loss forecast indicates an improvement of about 20 per cent on last year, and Sr Moya said he anticipated a positive cash flow of Pta 20bn, compared with a negative figure of Pta 2bn in 1982.

He revealed that total 1982 losses, due to be officially announced next month, were about Pta 102bn. Contrary to expectations, this figure is marginally higher than in the previous two years.

The loss came after payment of Pta 171bn - more than 12 per cent of turnover - on debt servicing. INI and its subsidiaries accounted for \$5.5bn worth of foreign debt at the

end of last year, almost a fifth of the Spanish total for public and private sectors combined.

The 1982 figure excludes additional losses of Pta 34bn, which are covered directly by the Government under contractual subsidy arrangements, the main item being a Pta 19bn deficit by the coal-mining company Hunosa.

Overall sales, boosted by a further sharp upturn in export activity, are expected to rise to Pta 1,621bn this year, 21 per cent up on the 1982 figure of Pta 1,343bn, Sr Moya said. The forecast for exports

- including the Seat car group's drive for an independent foothold in the European market - is Pta 585bn, or 35 per cent of total turnover, compared with Pta 411bn or 31 per cent of the total in 1982.

Seat, which is currently gearing up to start producing Volkswagen models after its break with Fiat, should be out of loss by the second half of next year, according to Sr Moya.

The taxpayer's contribution to INI this year, subject to final approval of the state budget by parliament, amounts to some Pta 185bn.

### Moya puts professionals on top

By Our Madrid Correspondent

AT THE Madrid headquarters of the Instituto Nacional de Industria (INI), Spain's omnipresent public sector holding group, a machine has been discreetly installed in the 1940s decor by the front door, where executives now have to use plastic cards to clock in and out. Sr Enrique Moya, the new chairman, clocks in like everybody else.

According to colleagues, he has been getting there some time before 9am, which in a Spanish day is the crack of dawn, staying to 10 at night, and taking work home at weekends.

The down-to-work approach of Spain's current Socialist rulers has made its impact at this loss-ridden group. But the exemplary Sr Moya is not a Socialist.

Lacking the business figures whom the French Socialist party had in its ranks when it came to power, the Government which took over in Madrid last December turned to an independent for the country's top industrial job.

The 50-year-old Sr Moya, who had worked with Sr Miguel Boyer, now Finance Minister, had a background in the food industry and experience in re-converting companies. At the time of his appointment just before Christmas, he was secretary-general of the elite busi-

nessmen's organisation, the Circulo de Empresarios.

Sr Moya has kept his head down. After months in the job, in his first foreign press interview, he insists on the need for "professionalising" the management of INI and its subsidiaries, an empire with sales of over \$10bn a year.

"The second and third ranks have always been occupied by professionals, often formed in the companies of the institute itself, or on other occasions recruited from the private sector in Spain and abroad."

But the top appointments have tended in the past to "obey political criteria."

The new men put in as divisional and company chiefs were all chosen on their career credentials, Sr Moya said. Of the 30 new company chairmen, 10 are described as being without political affiliations, with the remainder "linked to a greater or lesser degree with the Socialist Party." All but nine were promoted from within the group.

Sr Moya sees "very few positive examples" in the West of nationalised industries being successfully run on pure business lines. "Nevertheless, I believe it is possible to have nationalised industrial companies that are managed with the same criteria as private companies, that obtain equal results in competi-

tive sectors, and in short, apart from providing a service through the maintenance of jobs, promotion of exports and technological development, that make profits and are not a burden for the community."

He is waiting for a promised new law to replace the 1941 statute under which the Franco dictatorship set the institute up as the tool of its industrialisation policy. Basically still unchanged, this statute lays down a bureaucratic authorisation process which "clogs the management" of the group.

The new law would leave control of the main public sector guidelines in the hands of parliament but give greater autonomy for the group in carrying them out.

INI's autonomy, however, Sr Moya admits, is bound to be restricted in the big "crisis" sectors by virtue of the social problems they entail.

The group's four-year programme for recovery, following three consecutive Pta 100bn (\$720m) losses, envisages "thorough treatment" of the sectors in need of re-conversion, scaling them down and trimming jobs, and above all reinforcement of their capital structure and reduction of the overall debt ratio.

But the future of the chronically sick steel and shipbuilding sectors, which INI dominates, hangs on ne-

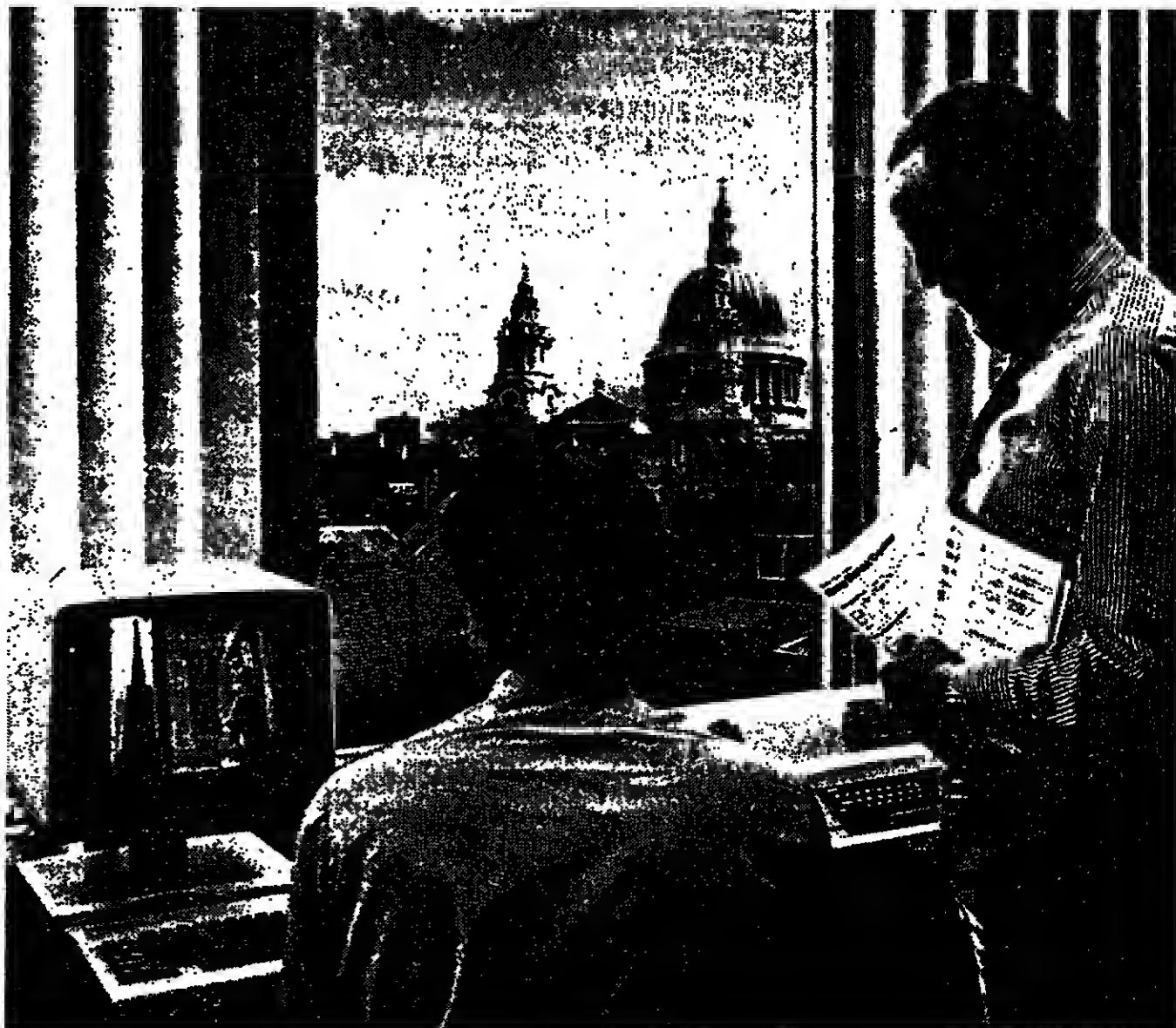
gotiations with the Government and unions and on a combination of state-backed financial and labor measures.

In the meantime, INI has drawn up a list of new sectors and products - from military electronics to biotechnology - to take over from some of its dying activities. Some of these, Sr Moya says will start up this year, and more in 1984, and INI is actively encouraging participation by private companies.

This is despite a recent bad run in INI's dealings with long-standing foreign partners - the Seat car group's divorce from Fiat in 1980 after a 30-year association, International Harvester's withdrawal from a controlling position in the Enasa lorry and bus concern in 1981, and still unresolved differences with Pechiney of France over Aluminium Espanol, the leading Spanish producer which INI is to extract from temporary receivership.

Most of INI's big loss-makers are "lame ducks" it inherited from the private sector. Current policy, according to Sr Moya, is against taking on more unviable companies - whether from the expropriated Rumasa group or elsewhere.

"Experience has shown that for the community, and in the end the taxpayer, this solution is the most expensive way out," he maintains.



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## INTL. COMPANIES &amp; FINANCE

## Record full-year earnings for Hitachi and Fujitsu

BY YOKO SHIBATA IN TOKYO

JAPAN'S ELECTRONICS and communication giants, Hitachi and Fujitsu, both posted record earnings in the year ended March 31 1983, reflecting strong sales of computers and semiconductors.

Hitachi's consolidated pre-tax profits rose by 12 per cent to reach a record of ¥157bn (¥100bn) with net profits of ¥74.5bn up also by 12 per cent. Sales totalled ¥2,671bn, up 9 per cent. Profits per share advanced to ¥26.58 from ¥24.16 previously.

The annual dividend was unchanged at ¥7. During the past year delivery of large nuclear power systems boosted sales of Hitachi's power and heavy machinery sector by 30 per cent, to 24 per cent of the total. Weak sales of colour televisions and white goods such as air conditioners, saw the company's sales of consumer products fall by 5 per cent, to 22 per cent of turnover.

Sales in the electronic devices and communication equipment sector rose by 15 per cent to 30 per cent of the total, with particularly buoyant sales of computers, up 25 per cent to ¥248bn, and semiconductors, up 20 per cent to ¥243bn. Sales of transport equipment fell by 3 per cent to account for 11 per cent of the total.

Sales in the industrial machinery and plant sector im-

proved by 16 per cent to 13 per cent of the total sales. This includes sales of robots, up 30 per cent to ¥7bn.

The growth in profits was attributed to stable material costs, lower growth in sales and administration expenditures and higher net financial income, up by ¥4.5bn to ¥11.5bn. These favourable factors more than offset the higher depreciation burden, up 30 per cent to ¥65bn.

In the current year, ending March 1984, the company foresees a recovery in demand for consumer products helped by the inventory adjustments and continuing strong demand for office and factory automation equipment, VTRs and semiconductors. Sales of VTRs to RCA of the U.S. under an original equipment manufacturer contract are expected to boost sales of consumer products by 9 per cent.

Hitachi has projected pre-tax profits rising to ¥170bn, up 8 per cent and sales reaching ¥2,450bn, up 5 per cent. Capital investment for the current year is scheduled at ¥140bn, up 17 per cent from 1982-83.

Fujitsu improved its pre-tax profits strongly by 25.9 per cent to ¥68bn. Net profits rose even more dramatically, by 63.9 per cent to a

record ¥37.5bn and sales rose to ¥806.5bn, up 20.2 per cent from the previous year. Profits per share for the year advanced to ¥56.87 from ¥22.15 and the company lifted the total dividend by ¥0.5 to pay ¥7 for the year.

The main contributing factors to the overall sales increase came from sales of information processing equipment, up 18 per cent to 66 per cent of turnover and sales of the electronic sector, up 25 per cent to 15 per cent of turnover.

The completion of a large-scale submarine cable system between Malaysia and Singapore boosted the sales of communication equipment by 22 per cent to 19 per cent of the total. Exports rose by 69 per cent to 23.4 per cent of turnover.

Fujitsu's earnings jump reflected the benefits from the yen's depreciation and the improvement in the company's net financial revenue, up by ¥1.1bn on the previous year.

In the current year, ending March 1984, the company expects a good recovery in demand for computers, electronic devices and consumer electronic products. Pre-tax profits are projected as reaching ¥68bn, up 3 per cent, with net profits at ¥38bn, up 1.3 per cent, on sales up 11.6 per cent to ¥800bn.

## BHP share placement to raise A\$99m

By Michael Thompson-Noel in Sydney

BROKEN HILL Proprietary (BHP), Australia's biggest company, is raising A\$98.75m (US\$66.9m) with the placement of 12.5m shares at A\$7.90 each with institutional investors. The price compares with a recent local stock market high of A\$8.70.

The company would not be more specific than to say that the funds would be used for general corporate development.

BHP, whose steel division lost A\$117.4m in the nine months to February 28, 1983, is in the process of buying the UK International Resources group from General Electric of the U.S. for US\$2.4bn, so that further capital raisings later this year are thought likely.

Meanwhile, in Melbourne last night, the Australian Independent Steel Association, representing 35 manufacturing, processing and distributing companies, voiced stern criticism of BHP's plan for a 10-year steel protection package from the Australian Government.

BHP has said it is ready to invest A\$2.5bn in steel over the next decade, if guaranteed 85 per cent of domestic steel sales over the same period. A Government decision is expected shortly.

## Interim setback at National Commercial

By Our Sydney Correspondent

PROFITS AT the merged National Commercial Banking Corporation of Australia slipped by 6.5 per cent in the six months to March 31 1983, from A\$81.35m to A\$75.5m (US\$66.7m). But the bank is paying an unchanged interim dividend of 11 cents a share, on earnings of 28.5 cents a share, against 31.6 cents previously.

Westpac, Australia's biggest bank, recently announced a 12 per cent profit fall for the March half, to A\$101.4m. Conversely, the Australian and New Zealand Banking Group (ANZ) scored a 12.5 per cent profit boost, to A\$100.3m.

The National cited difficult economic conditions, continuing cost inflation, the ravages of drought and reduced contributions from its finance subsidiary as among the reasons for the fall in interim profits.

## Low demand for iron ore and oil hits Japan's trading houses

BY OUR TOKYO STAFF

FOUR of Japan's leading general trading houses, C. Itoh, Marubeni, Kanematsu-Gosho and Tokai, have reported results for the year ended March 1983 much affected by poor sales of raw materials such as iron ore and petroleum products. Hard hit by the burden of liquidating several subsidiaries, both C. Itoh and Marubeni were obliged to cut their final dividends.

C. Itoh's sales in the past year rose by only 1.3 per cent to ¥12,490bn (US\$3.7bn). The company's pre-tax profits for the year, however, rose sharply, by 137.2 per cent, to ¥33.3bn. After the company set aside ¥26.7bn against the losses arising from the liquidation of several real estate subsidiaries, net profits fell by 38.7 per cent to ¥5.1bn.

According to the company "gross operating profits, an indicator of trading profitability were strong but the company

had however, to conduct drastic surgery by liquidating certain subsidiaries during the past year in order to reduce the future burden and strengthen the basis of operations."

As a result, the final dividend was cut by ¥2 to pay ¥3 for the year.

Marubeni's turnover during the past year rose by only 0.7 per cent to ¥11,631bn, hit hard by the sharp fall in steel exports.

Pre-tax profits fell by 2.6 per cent to ¥28.2bn. The loss incurred from the liquidations totalled ¥47.5bn, despite sales of ¥16bn-worth of securities and drawing down from its internal reserves, company net profits fell by as much as 93.4 per cent to ¥3.46bn. The impact from the liquidations will continue to be felt in the current year, ending March 1983, although the company plans to cover its losses by further sales of securities.

Kanematsu-Gosho's turnover rose by 6 per cent to ¥3,455bn, thanks to strong export sales of machinery fuels. Despite the decline in gross operating profits by 7 per cent, pre-tax profits grew strongly by 3.7 times, aided by ¥8.1bn profits on sales of securities.

The company made less provisions totalling ¥11.2bn for liquidating 11 affiliates and subsidiaries and losses on securities investments. In order to cover these extraordinary losses, it made a ¥11.5bn profit from selling assets including its head office building in Tokyo. As a result, net profits rose by 2.6 per cent to ¥11.8m. The company passed its dividend.

Tokai's turnover during the year rose by 6.4 per cent to ¥3,816bn. Pre-tax profits, aided by 3.7 per cent to ¥4bn with net profits at ¥1.9bn, up by 3.3 per cent. The company is to pay an unchanged ¥5 final dividend.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange. It does not constitute an invitation to the public to subscribe for or purchase any securities.



## TDK Corporation

(Incorporated with limited liability under the commercial code of Japan)

Authorized  
260,000,000

Shares of Common Stock of Yen 50 par value

Issued at  
23rd May, 1983  
109,417,037

TDK Corporation ("TDK") is the largest manufacturer in the world of magnetic recording tapes and ferrite products and a major manufacturer of coil and ceramic electronic components. TDK's products are used extensively in consumer goods such as video tape recorders, audio equipment and televisions, as well as in office automation and telecommunications equipment and many industrial applications.

In the year ended 30th November, 1982 TDK's consolidated net sales and net earnings amounted to ¥304,490 million (\$1,268.7 million) and ¥29,213 million (\$121.7 million) respectively. TDK has approximately 15,000 employees and has manufacturing operations in Japan and in five other countries.

The Council of the Stock Exchange has admitted to the Official List all the 109,417,037 Shares of Common Stock in issue.

Particulars relating to TDK are available in the Extel Statistical Service and copies of such particulars may be obtained during usual business hours on any weekday (Saturdays excepted) up to and including 17th June, 1983 from:

J. Henry Schroder Wagg & Co. Limited  
120 Cheapside, London EC2V 6DS

Credit Suisse First Boston Limited  
22 Bishopsgate, London EC2N 4BQ

Nomura International Limited  
3 Gracechurch Street, London EC3V 0AD

Vickers da Costa Limited  
Regis House, King William Street, London EC4R 9AR

27th May, 1983.

## BARCLAYS UNIDOLLAR TRUST

A unit trust established in Jersey which invests in world stock markets with a substantial part in the U.S.A. Copies of a Half-yearly Report to 30th March 1983 are available to Shareholders at the offices of the Managers and Paying Agents.

Managers: Barclays Unicorn International (Channel Islands) Ltd.,  
P.O. Box 152, St. Helier, Jersey,  
CHANNEL ISLANDS.

BARCLAYS

## NOTICE OF DIVIDEND

The Executive Board announces that on 26th May, 1983, the Annual General Meeting of Shareholders approved the annual accounts for 1982 and the profit appropriation contained therein as confirmed by the Supervisory Board.

The dividend for the financial year 1982 has been fixed at Dfls. 9.60 per Dfls. 20.00 ordinary share, of which an interim dividend of Dfls. 4.25 was paid in October, 1982.

Instead of the final dividend of Dfls. 5.35 per Dfls. 20.00 ordinary share in cash, shareholders may elect to receive Dfls. 1.75 in cash as well as Dfls. 0.60 in ordinary shares from the Share Premium Account.

For shareholders and holders of Bearer Depository Receipts (BDRs) who wish to receive the dividend in cash, shall coupons numbered 38, 39 and 40 of their securities be payable at the Head Offices of the following banks with effect from 8th June, 1983:

Amsterdam-Rotterdam Bank N.V.  
Algemene Bank Nederland N.V.  
Nederlandsche Middenstandsbank N.V.  
Pierson, Heldring & Pierson N.V.  
Bank Mees & Hope N.V.  
Nederlandse Credietbank N.V.  
N.V. Slavenburg's Bank  
Bank Van der Hoop Offers N.V.  
at Amsterdam, Rotterdam and The Hague.

For each Dfls. 20.00 ordinary share or BDR respectively, Dfls. 1.75, Dfls. 2.40 and Dfls. 1.20 will be paid on coupons numbered 38, 39 and 40, this being the final dividend less 25% dividend tax.

Shareholders and holders of BDRs who wish to receive the dividend in ordinary shares or BDRs on coupons numbered 39 and 40 of their securities, will receive one new ordinary share or BDR of Dfls. 20.00 nominal value against delivery of every 50 coupons numbered 39 or 100 dividend coupons numbered 40 of ordinary shares or BDRs up to and including 2nd September, 1983. The new shares and BDRs will participate fully in the profits to be declared for 1983 and subsequent years. The above-mentioned coupons numbered 39 and 40 can also be delivered in combination.

After 2nd September, 1983, the final dividend will only be payable in cash.

To obtain new securities representing 1.5 or 50 ordinary shares with coupons

numbered 41 and succeeding numbers attached, the requisite number of share coupons numbered 39 and 40 must be deposited at the Head Offices of the above-named banks not later than 2nd September, 1983. The coupons must be accompanied by a statement giving full name, address, etc.

To obtain BDRs of 1.5 or 50 ordinary shares with coupons numbered 41 and succeeding numbers attached, the requisite number of coupons numbered 39 and 40 of BDRs and/or ordinary shares must be deposited at N.V. Administratiekantoor Christiaan Huygens, N.Z. Voorburgwal 326-328, 1012 RW Amsterdam, not later than 2nd September, 1983. If desired, the new BDRs will also be available by way of CF-BDRs (without coupon sheet). Coupons numbered 39 and 40 must be deposited with name of the deliverer endorsed on the back and accompanied by an advice in duplicate.

ENNIA will pay the customary commission to the members of the Vereniging voor de Effectenhandel in order that the conversion of coupons numbered 39 and 40 may be made free of commission to the holders.

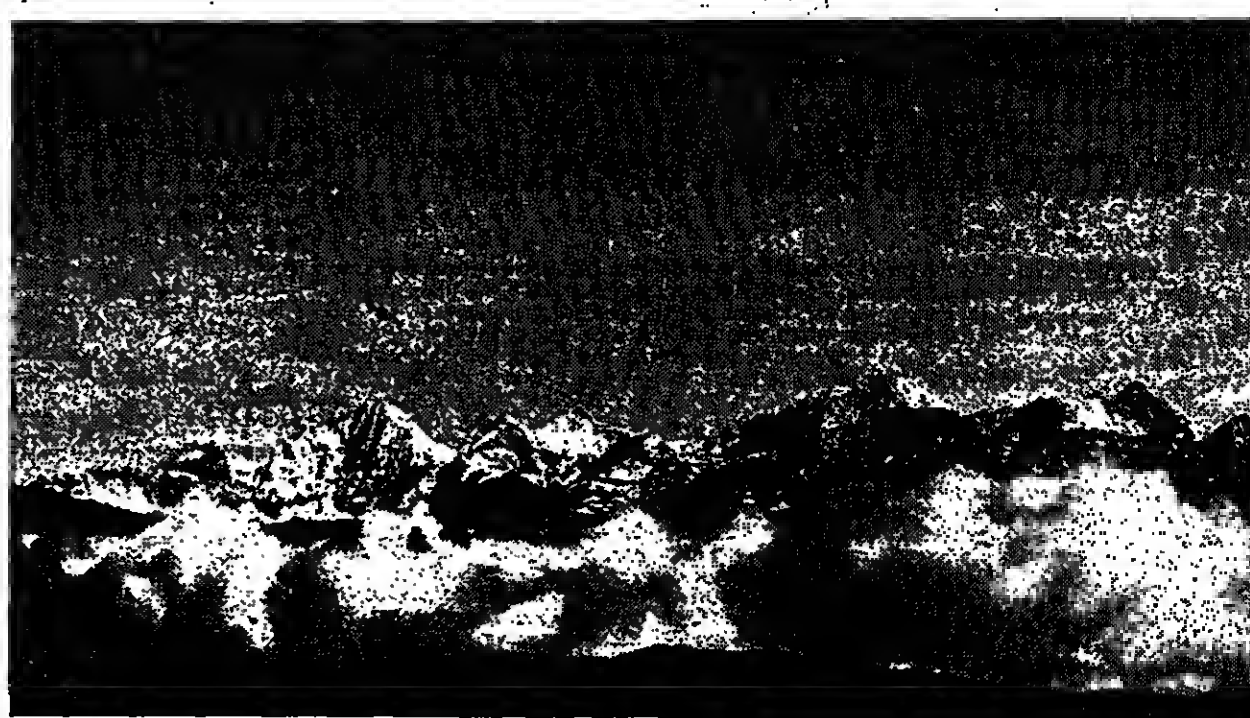
Holders of CF-BDRs will receive their dividend in cash or in ordinary share certificates through the intermediary of the institutions where the coupon sheets of their share certificates were deposited on 26th May, 1983, at the office's closing time.

Those who ask their bankers for delivery and/or deposit of securities on account of the conversion, will be charged for commission in accordance with the rates of the "Nederlandse Bankiersvereniging".

ENNIA N.V.  
Executive Board  
The Hague, 27th May, 1983  
Churchplein 1

N.V. Administratiekantoor  
Christiaan Huygens  
Amsterdam, 27th May, 1983  
N.Z. Voorburgwal 326-328

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Insurance Group  
Balanced growth internationally



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In a remarkably short time Ennia has climbed up among the leaders in Dutch insurance. We don't intend to just sit and admire the view. Sustained and balanced growth on an international basis has always been our objective. It remains so for the future.

International business already accounts for about 38% of total turnover, and at the end of 1982 we took another major step overseas by acquiring The National Old Line Insurance Company of Little Rock, Arkansas, to spearhead our expansion in the USA. The acquisition of well-managed, profitable companies in carefully selected markets is an important part of our international expansion programme. We are also pursuing a policy of acquiring minority interests in profitable companies, such as Extencare, the holding company of Crown Life Insurance, Toronto, in which we bought a 20% interest last year.

In addition to our growing presence in North America, we have offices, subsidiaries and affiliates in Europe, the Middle East, the Caribbean and South-East Asia. The Ennia Group operates in three main areas: life assurance (57%), general and re-insurance (35%), and related sectors such as mortgages, property development and holiday centres (8%).

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The Hague, The Netherlands.  
Telephone: (070) 727272. Telex: 31657.  
I would like more information about your Group.

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Company \_\_\_\_\_  
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27.5.83

**ennia** nv  
Insurance Group  
Balanced growth internationally



## UK COMPANY NEWS

Fine Art down  
£2.75m for year

SECOND HALF pre-tax profits of greeting card publisher Fine Art Developments dropped by £2m to £1.58m and left the figure for the year ended March 31 1983 well behind at £1.56m, compared with £4.41m previously.

At midway the group fell £195,000 into the red (£565,000 profits), the results being disappointing and below expectations, directors said. They stated that sales for the full year were unlikely to exceed those for 1981-82 with the result that full-year profits would be materially lower.

In the event sales were just ahead at £31.1m, against £30.1m, for the full period. The dividend, however, is maintained at 5p net per 5p share with a same-again final distribution of 1.5p. Earnings per share are shown as down from 6.05p to 2.75p.

Trading profits for the 12 months amounted to £3.83m, compared with £5.14m. Interest charges were £2.2m (£2.14m) and there were associates' pre-tax profits of £1.5m.

Tax charge was much lower at £48,000 (£245,000), minorities took £23,000 (£51,000) and there were extraordinary credits of £903,000 (£180,000).

debits) being a release of part of a provision for potential capital gains tax on buildings, which directors consider is no longer required.

## comment

Sales were slightly up at Fine Art and margins have been maintained on the profitable greeting card business, so it was the mail order small gifts lines that brought down the profits so drastically. The margin on mail order gifts is much lower than for cards (indicative is that agents only get a 10 per cent discount as against 25 per cent on cards). Fine Art Developments chose to expand its mail order business a couple of years ago, just when the whole industry was hit by recession. Since then it has been cutting its losses, reducing lines, labour force and warehousing. It will give no indication of what rationalisation expenses it incurred this year or how the profits have been between divisions. But it is confident enough of the outlook for 1983 to have maintained the dividend unchanged, which at the closing share price yesterday of 39p gives a yield of 11.8 per cent. Its departure into educational toys Early Learning is doing well and it expects to double the existing 22 shops this year.

BPCC sees resumption of  
dividends in record year

BY CHARLES BATCHELOR

British Printing and Communications Corporation (BPCC) will resume dividend payments to all classes of shareholders this year after the "extremely encouraging" result of the first four months.

Mr Robert Maxwell, chairman, told yesterday's shareholders meeting that 1983 profits would definitely exceed the record 1982 pre-tax result of £12.4m. Long-term contracts meant it could confidently forecast a return to dividend, last paid in 1979, he said.

This profit improvement will allow BPCC to reinstate increased contributions to the employees' pension schemes as

agreed with the unions under its survival plan.

Following successful agreement with the unions over the closure of the Odhams printing works at Watford—bought from Reed International last December—BPCC will invest £10m this year in its other Watford plant, Sun Printers.

This will allow BPCC to offer two printing processes under one roof, gravure and web offset, and increase flexibility, Mr Maxwell said. Offset reduces lead times for inserting advertisements to three days from the 30-40 days required for gravure.

The Odhams closure will lead to a number of the 1,560 jobs. BPCC has applied for planning

permission to develop the 18-acre Odhams site for a retail store and a high technology manufacturing park. This should provide 1,000-1,200 jobs.

Mr Maxwell said that closure at Odhams will be completed by the end of September.

BPCC is negotiating a 75 per cent reduction in the 450-strong workforce of its troubled Park Royal West London plant which used to print the Radio Times until the recent dispute.

Agreement has been reached in principle to install two web offset presses, but if final agreement cannot be reached by early June, Park Royal will be closed within a few weeks, Mr Maxwell threatened.

John Carr  
expansion  
continues:  
£1m gain

THE UPSURGE shown by John Carr (Doncaster) in the year ended September 30 1982 has continued into the current term, and for the first half ended March 31 1983 the profit before tax has advanced by over £1m to £3.03m. Turnover shot up by £6.57m to £18.24m.

Carr is engaged in joinery manufacturing. In February this year it completed the acquisition of Sharp Bros and Knight, which is involved in joinery manufacture and the distribution of doors. Reorganisation has led to a loss at Sharp but the situation should improve as the year progresses.

On the capital increased by the acquisition Carr is lifting its interim dividend from 0.6p to 0.75p net from earnings of 4.25p (2.92p). Last year it paid a total of 1.5p.

The new manufacturing plant and distribution centre at Corby has been trading since December. Start-up costs have created a deficit in the short-term, but the company is making the progress planned and meeting its objectives. The remainder of the group has run with good order books and this is continuing, the directors tell members.

In the year ended September 30 1982 the group had pushed up its profit before tax from £3.48m to £4.8m. The half-time increase amounted to £903,000.

Fidelity hit by  
big loss on CBs

THE RETURN to "satisfactory" profits at Fidelity Radio has been dented by a big loss on mobile CB radios. Therefore, in the year ended March 31 1983 the profit before tax has been held back to £30,000, after reaching £218,000 at the half way stage.

In the previous year the group incurred a loss of £245,000, reduced from £544,000 shown at the end of the first six months.

The dividend is being held at 0.1p net per share. It is too early in the current year to forecast the levels of profit or dividend, but the company intends to resume payment of dividends at a "normal rate" as soon as possible.

Turnover for the year moved up by some £2m to nearly £33.4m. Colour television has become the company's largest single product and accounted for 41 (24) per cent of total sales. Audio rack systems contributed 22 (16) per cent. The mobile CB radios were disposed of in February and March at nominal prices and were responsible for a loss of profit of some £700,000. Without that non-recurring factor a satisfactory profit would have been made, the directors claim.

Trading in the current year is promising. The order book is a record and accounts for a very large proportion of the planned production to Christmas, the directors state. TV sets are budgeted to account for over 38 per cent of sales, but with greater emphasis on large screen

and teletext facilities. Several improvements have been made to the rack systems, which are expected to account for over 20 per cent of sales.

The directors' policy is to build on the company's existing strengths. The company has well developed distribution channels and adequate productive capacity for its planned expansion.

Fidelity has received an order from British Telecom for cordless telephones worth over £1m, and indications are that further substantial orders will be placed in the near future. Fidelity is investigating more applications for telecommunications-related products.

## TDK listing

The Japanese company TDK which is the world's largest manufacturer of magnetic recording tapes and ferrite products has applied for a listing on the London Stock Exchange.

The listing is being sponsored by J. Henry Schroder Wagg and Co. Credit Suisse First Boston, and Nomura International. Brokers to the listing are Vickers Da Costa.

As of yesterday, TDK, which is also a major manufacturer of coil and ceramic electronic components, had 109,417,037 shares in issue with a par value of ¥50 per share and a market capitalisation of ¥542.71bn.

Deritend Stamping in the  
red but pick up this year

A DIVE into the red in the second six months ended February 28, 1983 left Deritend Stamping with a full year pre-tax loss of £213,000, as against a profit of £286,000 previously. Sales of this forgings, castings and electrical installation and repair group edged up from £34.8m to £35.45m.

At the interim stage, when profits were £300,000 lower at £51,000, the directors explained that the severity of the recession was necessitating further reductions and restructuring within certain areas of the group's activities.

They now report that following these changes the group is again profitable and, although trading remains patchy, an encouraging first six months of the current year is anticipated.

Based upon the indications for the first few months of 1983-84

and the group reserves, a final dividend of 2.5p (5.3p) is recommended. The total payment is, however, 2.5p lower at 5p net per 50p share. Stated sales per share came out at 5.4p (12.1p earnings).

At the trading level, profits showed a reduction from £1.28m to £357,000, before charging £237,000 (£270,000). The attributable deficit was £1.58m, compared with a £639,000 profit, after a tax charge of £73,000 (£169,000) and an extraordinary debit of £1.58m this time.

Redundancy and reorganisation costs, together with the loss on the sale of Escot Prop Engraving, are included within the extraordinary items.

With dividends absorbing £264,000 (£385,000), the retained deficit emerged at £2.14m (£244,000 profit).

## Allied Leather in profit

As indicated by the directors' results for Allied Leather Industries for the second half of 1982 have shown an improvement and give a profit of £575,245 for the full year, compared with £1,439,183 previously.

In the first half the company had run into a loss of £103,000 before crediting £77,000 profit realised on disposal of properties.

In the 1981 comparative period there was a profit of £385,000. The dividend is being held at 5.5p net per share, with an unchanged final of 3.75p.

Turnover for the year amounted to £26.13m (£25.13m). There is a tax credit of £160,590 (charge £227,720) and this time an extraordinary debit of £110,261, to leave the attributable balance at £625,374 (£1,211,463). Earnings are shown to be 33.52p (57.61p) per share.

Annual meeting, Grosvenor Victoria Hotel, July 4.

## Ace Belmont

AN INVESTMENT programme to completely modernise the touring caravan production process has helped caravan manufacturer, Ace Belmont International, to raise trading profits from £436,000 to £534,000 for the six months to the end of February 1983.

This was achieved on a slightly reduced turnover of £13.56m, against £13.75m. After-tax profits came out at £192,000 (£462,000) and after extraordinary items, the net balance was £451,000 (£438,000).

The chairman forecasts that the company should consolidate its profitability and position as clear market leaders in the second half. The company's ordinary shares are all privately held.

## AVON RUBBER p.l.c.

The following is the text of the interim statement for the half year ended 2 April 1983 released by the Board of Avon Rubber p.l.c.

Profit before interest for the half year ended 2 April at £218,000 already exceeds that for either of the two previous full years. Lower interest rates and more effective use of money have combined to keep the interest charge below that for the first half of last year, leaving the Group with a profit before tax of £229,000.

The major reduction in size of our tyre manufacturing business, announced in October last year, is now substantially complete. Despite the continuance of intense competition, the Tyre Company made a profit. The Group's recovery is expected to continue in the second half, with good performance from the other companies.

An interim dividend of 1p per share on the 6,637,500 £1 Ordinary Shares, which will amount to £66,375, will be paid on 11th July 1983 to shareholders on the register at 12 noon on 17th June 1983.

The half year dividend on the 500,000 4.5% £1 Cumulative Preference Shares will be paid at the rate of 2.45p per share on 30th June 1983 to shareholders on the register at 12 noon on 15th June 1983. The cost will be £12,250.

£'000	Half year to 2nd April 1983	Half year to 3rd April 1982	Financial year to 2nd October 1982
Sales	85,330	78,005	151,180
Operating Profit before depreciation	3,405	1,515	4,513
Share of Profits/(Losses) of Associated Companies	—	(10)	148
	3,405	1,505	4,661
Depreciation	1,219	1,412	2,677
Operating Profit after Depreciation	2,186	83	1,984
Interest	1,457	1,484	3,025
Profit/(Loss) before Taxation	729	(1,401)	(1,041)
Taxation (Note 1)	40	52	215
Profit/(Loss) after Taxation	689	(1,454)	(1,256)
Minority Interests	8	(119)	(69)
	697	(1,441)	(1,200)
Extraordinary Items (Note 2)	—	(1,935)	(4,795)
Profit/(Loss) attributable to Avon Shareholders	697	(3,376)	(5,995)
Profit/(Loss) per share	10.2p	(21.9p)	(18.6p)

Note 1 The charge for taxation arises on profits in overseas companies and Advance Corporation Tax written off.

Note 2 Extraordinary Items Closure and disposal of Avon Bridgend Redundancy and other costs arising from reorganisation

AVON

Avon Rubber p.l.c.  
Melksham, Wiltshire, SN12 8AA  
Telephone (0225) 703101

## Modern Engineers omits payout

FOR THE second half of 1982 Modern Engineers of Bristol (Holdings) has failed to reach its forecast or break-even. Therefore, the final dividend is passed and that means no payment for 1982, against a total of 2p in 1981.

The directors explain that overseas contracts scheduled for fabrication in the second half were delayed further. How-

ever, those are now progressing satisfactorily and, if the anticipated improvement in trading is sustained, the directors intend to pay an interim dividend in the autumn.

For the year group turnover came to £7.2m (£6.98m) and the loss to £341,554, compared with £497,624 which included a £150,000 exceptional charge. Loss per share turned out to be

11.30p (16.62p) and there are redundancy pay and payments in lieu of notice £85,078 (£22,177).

As the current year will benefit from the work delayed last time, the activities in the fabrication and building divisions should enable the group to return to profitability in the first half of 1983.

Annual meeting, Bristol, June 29 at noon.

1983: Strong start  
for most businesses

## B.A.T INDUSTRIES

Patrick Sheehy, Chairman, told the Annual General Meeting:

\* I foresee that profit attributable to B.A.T Industries shareholders for 1983 will at least be maintained, if exchange rates remain broadly at the same levels. Our aim will be to continue increasing dividends to shareholders at a rate exceeding UK inflation.

\* There are signs that world economies are beginning to recover from the recession. This process will obviously take some time and it is too early to be certain that the encouraging signs so far detected are the start of a sustainable trend.

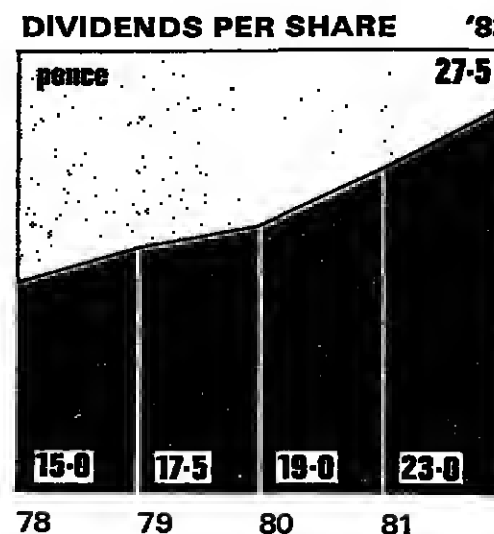
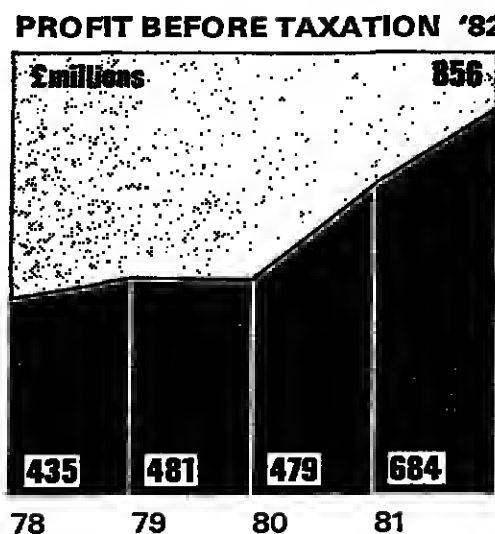
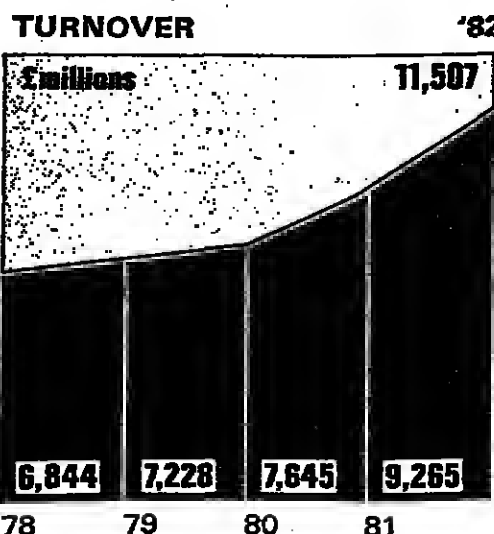
\* The tobacco business continues to be a strong generator of profit and cash flow. Performance around the world will be variable and pressure on volumes will continue. Price increases and excise duties have not only reduced volumes but have stimulated consumers in certain markets to switch to cheaper and less profitable brands. On balance, I expect to see some reduction in our profits overall from tobacco while

economies are struggling to recover.

\* Retailing in the United States is recovering well and profits for the first four months are well ahead... There has been a substantial improvement in profits from our UK retailing... If present trends continue, we may expect a very satisfactory increase in profits.

\* In Wiggins Teape volume is up on last year as also are profits... In the United States, the increase in volume, sales and profits of Appleton Papers continues... if these trends continue, profits from paper will be well ahead.

\* There are encouraging signs from Mardon Packaging... Cosmetics is anticipated to show good gains in trading profit... Home Improvements in Germany is benefiting from increased demand... The significant contribution from our associated companies, particularly Imasco, is expected to grow still further.



The figures and graphs above have been taken from the full Report and Accounts for 1982, copies of which, together with the Chairman's Speech, are available from the Secretary:

B.A.T Industries plc • Windsor House • 50 Victoria Street • London SW1H 0NL







## MINING NEWS

## New gold area will give Randfontein longer life

BY GEORGE MILLING-STANLEY

SOUTH AFRICA'S oldest producing gold mine, Randfontein Estates, plans to turn to account an area adjacent to the present property which will prolong the life of the operation until well into the next century.

The mine celebrates the 100th anniversary of the start of mining in just six years, although production from the original Randfontein section was replaced with ore from the Cooke section in 1974.

Randfontein plans to bring in the new area, to the north-east of Cooke, as a gradual replacement for Cooke as the latter winds down over the next 14 or 15 years.

The mine's interest in this area has been known for some time. Yesterday the group revealed that it has reached agreement to acquire the mineral rights on the area of 700,000 new shares in Randfontein Estates.

The recipients include Johannesburg Consolidated Investment ("Johnnies"), Randfontein's parent company, which will receive 532,822 shares.

The remainder will be divided between Anglovaal (55,032 shares), New Witwatersrand (87,889 shares) and South Rode-

poort Main Reef Areas (24,257 shares).

The new area is roughly triangular in shape, bounded on one side by the Cooke section, the other by the Durban Deep gold mine, and on the third by the Black township of Soweto.

It includes the bulk of the old South Rodepoort gold mine. The cost of Randfontein's acquisition of title to the ground, which measures 3,056 hectares, was around R127.4m at the time the agreement was signed, or about 274m at yesterday's London closing price for Randfontein of £105.5.

Randfontein will need to spend a further R375m (£225m) to bring the area to its planned initial throughput of 50,000 tonnes of ore per month by 1987, Mr Doug Stevenson, finance director of Johnnies, said yesterday.

An additional R300m will be required to bring the mining rate up to the eventual target of 300,000 tonnes a month.

There will be substantial tax savings against the total capital cost of bringing the area to production, as was the case recently with the development of the North Driefontein and Erfdeel/Dankbaarheid areas.

This is because capital expenditure in the new area can be offset against the profits of the

existing operation.

Mr Stevenson said Randfontein hopes to be able to fund the after-tax capital cost of the expansion out of the distributable earnings of the present operation, but this of course will depend on the trend of Randfontein's earnings over the next few years.

This, in turn, depends on the gold price, and Mr Stevenson said he could not rule out the possibility of a rights issue to raise funds at some point.

In any event, Randfontein's ability to pay dividends will be restricted to some degree for the foreseeable future, although Mr Stevenson pointed out that the burden of capital spending for the first phase will be fairly light over the next couple of years.

The years 1986, 1986 and 1987 will see the heaviest spending in the initial development, and the pace at which the new area is taken to full production of 300,000 tonnes a month will depend on the prevailing economic circumstances.

The new area contains an estimated 44m tonnes of Kimberley reef, grading an average of 6 grammes of gold per tonne, and a further 17m tonnes of South reef with an average of 10 grammes. It will have an economic life of at least 30 years, and possibly much longer.

## COMPANY NEWS

## Little change for Brockhouse

THE FIRST six months for Brockhouse were virtually static with sales and losses emerging at almost the same levels as those reported for the interim period last year.

The directors say the pattern of business was patchy but an underlying gradual improvement is now evident—the group has interests in engineering, transport, building and materials handling and equipment manufacturing.

Sales, covering the half year to March 31 1983, totalled £30.33m, compared with £30.33m, and at the pre-tax level a deficit of £785,000 was incurred, against a previous £514,000.

There is again no interim dividend—a nominal 0.1p per share was paid for 1981-82. Stated loss per share for the six months came through at 7.88p (7.88p).

Apart from Brockhouse (Central Africa) the overseas companies held up well. The Canadian company suffered most from the world recession but is recovering more strongly than expected.

At home mixed fortunes were experienced with the steel division still suffering from low demand and cheap imports coupled with disrupted overseas markets.

Other divisions reflected some improvement which the directors say should continue through the second six months.

The loss for the opening half was struck after taking account of interest charges £294,000 lower at £719,000.

Tax for the period took £556,000 (£475,000) with the UK take up from £43,000 to £98,000. Minorities accounted for a same-again £4,000.

Redundancies, mainly in the castings and forgings division, amounted to 143 and cost in total £168,000. Non-recurring reorganisation costs totalled £51,000 and bad debts £81,000.

In accordance with SSAP 14 Brockhouse (Central Africa), Zimbabwe, has been excluded from the results due to severe restrictions which significantly impair control over this subsidiary's operations for the foreseeable future.

## Spencer Clark profitable: rationalisation completed

FOR THE first time in two and a half years, Spencer Clark Metal Industries is moving into profitable trading.

In the first half to March 31 1983 the trading loss before tax has been cut from £388,000 to £285,000, and is being reduced further.

Rationalisation and reorganisation costs of £168,000 takes the loss before tax up to £453,000. Turnover was almost maintained at £4.38m (£4.22m).

The directors report that overheads have been reduced substantially with the completion of the rationalisation programme.

Any upturn "continues to be elusive," particularly for the agricultural, engineering and

aerospace materials. But good progress has been made with the stainless steel construction industry products, and the North American subsidiary is fulfilling its early promise of both increasing business and opening up opportunities for the future.

In 1981-82 the group incurred a loss of £375,000 and the year before £629,000. The last dividend was an interim of 0.4p paid in July 1981.

## ROWNTREE

The Rowntree Mackintosh acquisition of Lanta Second, the Canadian confectionery business, has been completed.

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## NOTICE

## Coca-Cola International Finance N.V.

10% Guaranteed Notes Due 1988

Pursuant to the Fiscal and Paying Agency Agreement dated as of December 1, 1982 among Coca-Cola International Finance N.V., a Netherlands Antilles corporation (the "Issuer"), The Coca-Cola Company, a Delaware corporation, as Guarantor, and Morgan Guaranty Trust Company of New York, as Fiscal Agent (the "Agreement"), under which the above-referenced Notes (the "Notes") were issued, notice is hereby given that:

- In accordance with the terms of the Agreement, payment of the Final Installment (being 75% of the issue price of the Notes) is due and payable no later than 2:00 p.m. London Time on June 1, 1983 in U.S. Dollars in immediately available funds;
- No payment of the Final Installment made after the June 1, 1983 due date will be accepted unless accompanied by a further payment representing interest accrued on the amount of such payment at a rate of 15% per annum from June 1, 1983 to the date on which such payment is received;
- On June 16, 1983, the obligation of the Issuer to accept payments of the Final Installment shall cease; and
- ON AND AFTER JUNE 16, 1983, IF THE FINAL INSTALLMENT SHALL NOT HAVE BEEN PAID IN ACCORDANCE WITH THE TERMS OF THE AGREEMENT IN RESPECT OF ANY NOTE, THE ISSUER MAY RETAIN THE FIRST INSTALLMENT (BEING 25% OF THE ISSUE PRICE OF THE NOTES) PREVIOUSLY PAID IN RESPECT OF SUCH NOTE AND WILL HAVE NO OBLIGATION TO REPAY SUCH FIRST INSTALLMENT OR TO PAY INTEREST THEREON FOR ANY PERIOD PRIOR TO, INCLUDING, OR SUBSEQUENT TO JUNE 1, 1988.

Arrangements should be made with Morgan Guaranty Trust Company of New York, Brussels Office, as Operator of the Euro-clear System, or CEDEL S.A. in order to assure timely payment of the Final Installment.

By: COCA-COLA INTERNATIONAL FINANCE N.V.

Dated: May 25, 1983

## Insurance Corporation of Ireland trading results show marginal reduction.



	1982	1981
Profit before tax	8,223,000	8,567,000
Profit after tax	5,216,000	5,490,000
Premium income after Reinsurance	89,367,000	66,924,000
Transfer to General Reserve	3,532,000	4,012,000
Total Dividend	10,631p	10,631p

Extracts from Review by Chairman Mr. Perry Greer circulated with the Report and Accounts for 1982.

"Despite extremely difficult trading conditions, our trading results show only a marginal reduction on the year 1981, which itself was the most profitable year ever recorded by your company."

Capital and Free Reserves of the parent company—86% of non-life premium income after re-insurance. Gross premium £824.9, 1982—62% written in our offices and agencies outside Ireland.

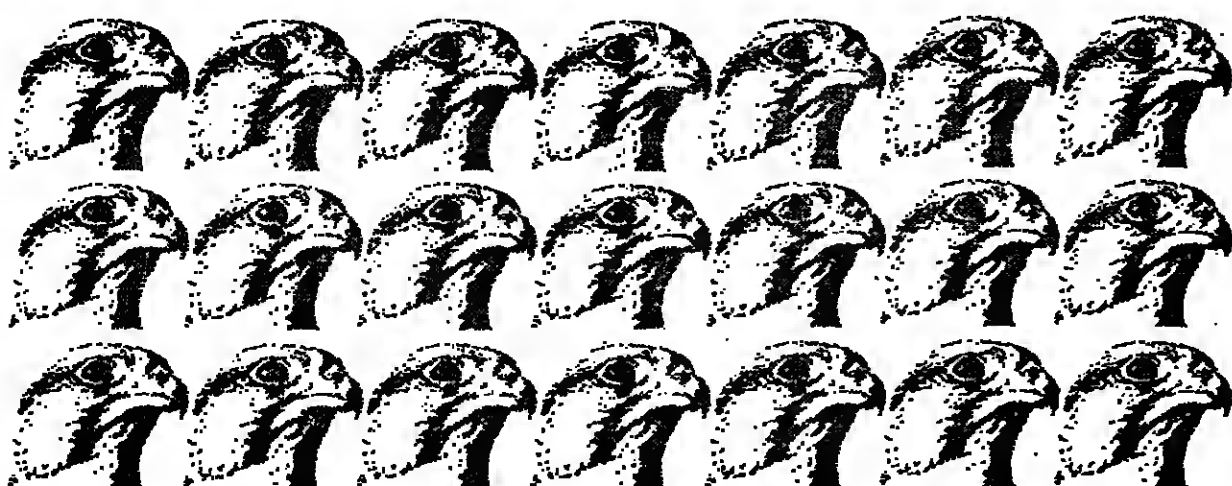
Employers' Liability and Public Liability cost of claims began to escalate beyond the rate of inflation due to the serious backlog of cases awaiting trial in our Courts, the introduction last year of a V.A.T. on professional fees, and the introduction of liability for interest on damages by the Courts Act 1981.

All figures are to the nearest thousand pounds. Copies of the 1982 Report and Accounts available from: The Secretary, The Insurance Corporation of Ireland Limited, Burlington Road, Dublin 4.





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## BUSINESS LAW

### Airline liability confusion

BY PETER MARTIN AND JOHN BALFOUR

THE DECISION of the Court of Appeal in *Goldman v Thai Airways International Ltd* earlier this month drew attention to the application of the Warsaw Convention to international air travel and reminded us that the liability of an airline was usually severely limited.

Mr Goldman's back was broken crossing a patch of severe turbulence on a flight from London to Bangkok; damages were held to be restricted to the convention's passenger liability limit of 250,000 gold francs (as to the value of which, see below).

Although this case demonstrated the current inadequacy of the limit, it did not concern, and hence did not disclose the difficulty, and resulting confusion and uncertainty, now widely experienced in the establishment of the correct local-currency equivalents of the convention's gold francs.

The principal purpose of the limited liability established by the convention was to protect an infant industry from disastrous and possibly unmeasurable claims. To ensure, so far as practicable, uniform translation of these compensation limits throughout the world they were expressed in "francs" defined as currency units of 65.5 milligrammes of gold of fineness 900/1000.

So long as gold was used as the common denominator in the international monetary system, this objective was generally attained. Since April 1, 1978, however, when gold was demonetised, the problem of how properly to convert the convention's gold francs has arisen acutely.

To anticipate the problem, most of the parties to the convention met in Montreal in 1975 and signed four additional protocols to it, which substituted for the gold franc the Special Drawing Right, the international monetary unit of account created

by the IMF in 1969. None of these protocols, however, is yet in force anywhere. So the convention's gold francs prevail as its units of account, and conversion problems abound.

Courts faced with the problem in various countries have, oddities apart, favoured one of three main approaches: to take the current local market value of 65.5 milligrammes of gold of fineness 900/1000 as a base; to take the last official parity of the local currency (or sometimes the dollar) in terms of gold; and to take 15 gold francs as equal to 1 SDR, as they were on March 31, 1978, the last occasion on which an SDR had a fixed gold value. Each approach has attained respectable authority with even courts within a single country seeking to differ.

The issues were emphasised by the U.S. Court of Appeals for the Second Circuit in the cargo case of *Franklin Mint v. TWA* on September 28, 1982. The court, finding itself unable either to adopt any of the three solutions usually canvassed or to select a new solution, held that the relevant convention limit (of 250 gold francs per kilo in the case of cargo) was therefore unenforceable. Whether the decision of the Supreme Court on appeal can resolve the uncertainty remains to be seen. As the Court of Appeals certainly implied, a legislative solution is called for.

The opportunity for such a solution in the U.S. arose in March 1983 when the U.S. Senate debated the question of the ratification of the Montreal Additional Protocols, but the two-thirds majority required was not achieved, principally as a result of anti-litigation lobbying. The result in the U.S. is therefore uncertainty as to which conversion method applies or even whether any limits now apply at all.

Air law is not a universal discipline, although to a large extent regulated by various international conventions. The interpretations in each jurisdiction are binding in that jurisdiction alone; they may have some persuasive effect elsewhere, but not always. The approach of the UK to conversion is quite different from that of the U.S.

Conversion of convention limits was not raised in the *Goldman* case and has never been litigated in England. Sterling equivalents here are statutorily prescribed, on the basis of the SDR solution, by orders made under the Carriage by Air Act 1961 by the Secretary of State for Trade. The latest came into operation on May 9, 1983 and provides that the equivalent of 250,000 gold francs (the passenger liability limit) is £11,788.

The severity of the convention's limits has been mitigated to a certain extent by "special contracts" by which the convention allows an airline to agree a higher limit of liability.

Special contracts of \$75,000 (inclusive of costs) for passenger liability have been mandatory since 1966 for any airline entering, leaving or making a stopover in the U.S. Since 1975 the adoption of a special contract has been a condition of the grant of a UK air transport licence. The figure required is now 100,000 SDRs (approximately £70,000 and the same as the passenger liability limit in UK domestic carriage). A special contract on the part of Thai Airways International was conspicuously absent in the *Goldman* case, although many non-UK airlines have long since adopted them.

It was suggested in both the Pearson Report\* and a leading article in *The Times* on May 11 that the UK might follow the U.S. lead and demand that all foreign airlines enter-

ing or leaving the UK adopt a special contract at 100,000 SDRs.

That would lead to some local improvement but not, of course, to a long-term international solution. An international solution can only be obtained by fresh international agreement on the fundamental questions - the existence of limits, their levels and the units in which they should be expressed. The prospects of reaching such agreement are not, however, great due to marked differences of opinion between the more and less developed countries and an irrational fear in the latter that insurance cover for higher levels might be too expensive for their airlines to maintain.

In the meantime the existing regime, if it can still be so described, prevails by default, uncertainty reigns, and international consistency - one of the basic purposes of the original convention - has been lost. Whatever the alternatives, the present muddle is undesirable and unattractive.

If international agreement cannot be reached, the initiative lies with the more developed countries - either to follow the lead of the U.S. by demanding special contracts from airlines (preferably at a minimum of 100,000 SDRs) - or to go further and abandon the convention's limits entirely, while retaining the choice of law, jurisdiction and time-limit provisions which are its other and most valuable features.

\*The authors are solicitors practising at law in London.

\**The Times*, May 7, 1983.

\**The Convention for the Unification of Certain Rules Relating to International Carriage by Air* signed at Warsaw, October 12, 1929, as amended (in the case of most countries) at The Hague, September 28, 1955.

\*680 F. 2d 303 (2d Cir. 1982).

\*Report of the Royal Commission on Civil Liability and Compensation for Personal Injury, Cmd 7054, 1978.

### Acas decision on Ford worker expected

BY BRIAN GROOM, LABOUR STAFF

THE FATE of Mr Paul Kelly, the 25-year-old Ford assembly worker whose dismissal for alleged vandalism caused a month-long strike at Halewood, Merseyside, is likely to be settled today.

A three-man inquiry, set up under the auspices of the Advisory, Conciliation and Arbitration Service (Acas) when the dispute ended seven weeks ago, is believed to be

ready to make its recommendations, which are binding on both company and unions.

It is widely expected within the motor industry that the inquiry will support Ford's allegation that Mr Kelly deliberately bent an 88p instrument console bracket inside a GL model Escort on February 23.

However, most observers believe the panel will try to spread the

blame, as is usual in such inquiries.

It is possible the inquiry could suggest that spiking was too serious a punishment for the offence, especially as Mr Kelly's only previous misdemeanour in four years was poor timekeeping.

Mr Kelly is suspended on basic pay pending the outcome of the inquiry. A ruling that he was guilty but should keep his job would risk

satisfying no-one; and it is hard to see how Mr Kelly could continue working at Halewood with the stigma.

Alternatively, a ruling that he was innocent would be a serious embarrassment to Ford, which stuck firmly to its belief that he was guilty, through five appeals and a strike costing £10m worth of production.

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held up the sales of large quantities of wine for several weeks.

It is a problem with which wine-makers no longer have to contend, thanks to Crystalflow, a wine treatment technique pioneered by Alfa-Laval.

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## NETHERLANDS ECONOMY

## Dutch lose shine of prosperity as natural gas sales slump

BY WALTER ELLIS IN AMSTERDAM

FOR YEARS the Netherlands has managed to exude an aura of solid prosperity and social wellbeing in almost equal measure, but today that image is suffering a severe economic buffeting.

Unemployment is running at a rate of 15 per cent, and in an attempt to restrain the budget deficit, the Centre-Right Government has been forced to introduce major cuts in social services – a process which has produced sharp divisions in the ruling coalition of Christian Democrats and Liberals.

Central to the country's economic difficulties is a dramatic slump in sales of natural gas from the huge Dutch offshore fields because of international recession and energy conservation.

The respected NRC Handelsblad has even described the country as the "new sick man of Europe."

But first the good news. Inflation is extremely low – just over 3 per cent – and is set to drop to 2 per cent by December. The guilder is strong, and interest rates, though under some pressure, are sharply down on 1982 levels and the surplus on the current account of the balance of payments this year is expected to be around Fl 10bn (\$3.6bn).

Mr Ruud Lubbers, who leads the current Centre-Right coalition of Christian Democrats and Liberals, told an eager audience of building contractors last month that industrial output in the Netherlands this year would stabilise and that the level of investments would rise slightly. He also saw interest rates resuming their downward trend as inflation dropped.

The Netherlands, he said, required the benefits of a general world recovery if its position was to improve this year, but the bottom point in the recession had at least very nearly been reached.

Mr Willem Duisenberg, governor of the Dutch central bank, has also warned recently that the Dutch cannot expect their position to improve without an overall international upturn.

He forecast that the recovery would start in the Netherlands in 1984 and felt that if the Government stuck to its policies, the country would be able to embark on recovery from a "not unfavourable position."

The bad news is that unemployment is currently running at nearly 15 per cent, according to EEC calculations, and at 16.5 per cent by

Dutch evaluation. The dole queues are, moreover, lengthening at a faster rate than anywhere else in the EEC, and young people are the worst affected of all. Fully 35 per cent of the labour force under the age of 25 are unable to find work, compared with 28 per cent in Britain and 15 per cent in West Germany.

Partly because of the high costs of unemployment, but also because of an unexpectedly severe drop in its income, the Government, which took office last November, has been forced to make savage cuts in the fabric of social welfare and has introduced savings in the state budget this year so far of no less than Fl 15bn (\$5.4bn). Even so, the budget deficit continues to rise and the present prospect is for a shortfall equivalent to 12.5 per cent of national income.

On the industrial front, bankruptcies remain at all-time record levels. Some 8,000 companies went out of business last year and a larger number is expected to go bust in 1983. A majority of those surviving, traditionally used to heavy levels of re-investment from profits, have had to cut back substantially on the purchase of new plant and equipment.

Economic growth this year, according to Mr Duisenberg, will be between 0 and 0.5 per cent, against 2.3 per cent for West Germany, 2 per cent for France and the UK and 4 per cent for the U.S. He blames lagging growth on the relatively poor equity position of Dutch trade and industry and pointed out that balance sheet ratios had deteriorated in the Netherlands more than elsewhere.

Yet both Mr Lubbers and Mr Duisenberg believe that a recovery is on the cards. Neither, however, doubts the magnitude of the task ahead.

Central to the Government's dilemma is the dramatic slump in sales of Dutch natural gas. The volume traded last year fell by 12 per cent, to a 10-year low of 70.8bn cubic metres, and there is very little chance of any improvement in 1983. Gas, first discovered in large quantities in the 1950s, has been a mainstay of Government revenue for many years now, and last year provided almost 15 per cent of Government spending.

But Mr Herman Ruting, the Financial Minister, told parliament last month during the presentation of his latest, swingeing budget, that

gas revenue this year was set to drop Fl 1.75bn below the total forecast last September. By 1985, he added, the gas income could fall further still, adrift by Fl 6bn on September's official forecasts.

There have been many economic blows to state planning in the last few years. The deterioration in the position of gas remains, however, the single most intractable problem, because the gap it leaves is proving the hardest to fill.

Sales of Dutch gas have fallen for the simple reason that purchasing countries – principally West Germany, Belgium and Italy – have embarked on major energy saving programmes.

Oil prices, have of course, also fallen sharply, making oil that much more competitive and, in the longer term perhaps, putting pressure on the prices charged for gas. The warm summer of 1982 did not help either, but even if this summer should prove cool and wet, further decline is expected.

In the longer run, Holland's gas reserves (which the Dutch believe will last for the next 55 years at projected rates of extraction) remain a strategic asset of great value.

Indeed, the Dutch are even importing small quantities of gas themselves in order to hold on to their major reserves. Yet the loss of income resulting from the present world recession and conservation measures adopted by clients leaves

the Government to wonder whether it might not be better to raise revenue from gas now rather than leave reserves in the ground for posterity.

The Government has recently reversed previous depletion policy by trying to extend existing contracts as they come up for renewal.

This said, it must be admitted that any country which in time of

The 1982 surplus was around Fl 9.6bn on revised figures. A strong guilder, Dutch officials say, was more than offset by the stability in competitiveness brought on by improved productivity. The latter, aided partly by job losses and partly by genuine improvements in working practices has continued high. The guilder, though, is cur-

rency undergoing pressure following the recent adjustment of the European Monetary System.

When the EMS was realigned to assist the rescue of the French franc, the D-Mark moved up 5.5 per cent. The guilder, which is normally shifted up or down in parallel, rose by only 3.5 per cent. Ignoring the advice of the central bank, the Finance Ministry appeared to hope that by revaluing at this reduced figure, Dutch exporters into Germany would gain a much-needed competitive edge.

The result, in any case, has been

that the D-Mark and the guilder have both languished at the foot of the EMS table, adding to upwards pressure on interest rates.

Rates in Holland have been creeping upwards in the last month, and the Government, while decrying the trend, did not help by posting an 8 per cent state loan in April.

The loan incidentally, still raised only Fl 1.2bn – compared with Fl 5bn for a bond in January – an indication, analysts say, that investors are hoping for even more in the summer.

The Government's response to the fall in gas sales and the increase in the projected budget deficit has been, not surprisingly, to cut back on spending by some Fl 15bn. This approach, though, means that the Dutch welfare state, constructed over two decades with loving care, is being dismantled piecemeal. Benefits overall are being cut by 2 per cent and some payments disappear altogether. A number of hospitals are to be closed and some 8,000 teachers are due to lose their jobs.

This is not what the Dutch population understands by progress, and Mr Lubbers is finding it tough going persuading his people that austerity is good for them and better some pain today than paralysis later.

In particular, the Government is coming under attack inside and out-

side parliament for presiding over the rapid growth in unemployment. It is admitted officially that the number without jobs will rise this year to be at least 900,000 and it is further admitted that the Government's only solution to the problem, apart from getting the economy back on its feet, is to share existing jobs around.

Job sharing is an old concept and one which has been kicked around the Netherlands for many years. Now, though, both trade unions and Government see it as a way out of at least part of their problems. This year, to the end of April, nearly 1,250 Dutch workers have agreed to forego indexed pay rises in return for a four-hour reduction in their working week.

The effective pay cuts are immediate, and likely to be followed by others as the automatic nature of the wage-price index withers. The cut in hours starts, in most cases, in January 1983. The idea is that a 5 per cent cut in hours will give employers the scope to take on extra staff when the economy improves without having to add to their 1983 wage bill. How effective this strategy will prove, it is impossible to say. What is clear is that the Dutch are taking the idea seriously and are slowly gearing up for the coming age of leisure.

Disputes within the governing coalition over the extent of cuts needed to hold down the budget def-

icit have already been bitter. At one point, Mr Ed Nijpels, the Liberal leader, even threatened to withdraw his support from the Cabinet if it did not bring in a further Fl 2bn-worth of savings (it did). But such disagreements, enervating though they are, will prove as nothing to the convulsions expected over nuclear weapons.

The Christian Democrats are extremely unhappy about the Netherlands' commitment to accept 48 U.S. cruise missiles – a commitment which arises from the 1979 Nato pact on the need to counter the build-up of Soviet SS-20 missiles.

Mr Lubbers has repeatedly made clear that he will only honour the bargain if the current arms reduction task in Geneva are seen manifestly to fail. Even then, according to Mr Joseph Luns, the Dutch Secretary General of Nato, the Netherlands' guarantee is unconvincing.

The Liberals, on the other hand, are almost lyrical in their support for cruise, and if the Dutch peace movement, as looks likely, gathers momentum this year, the coalition could be placed under the kind of internal strain that it would find increasingly difficult to survive.

For the economy, surviving the 1980s in good shape could be just as difficult. The 1980s, with their optimism and, more importantly, their high revenues from gas, are gone for good. The trick now is to rebuild growth on a surer foundation.

Year	Balance of Payments in Fl (m)	Govt Borrowing Requirement % of net national income	Govt Debt % of net national income	Social Sec % of net national income	Net National Income in Fl (m)
1979	1,391	- 5.3	3.5	22.6	226,310
1980	5,568	- 7.2	4.5	22.4	270,410
1981	7,734	- 8.5	6.1	24.1	293,858
1982	8,990	- 10.7	6.5	24.8	295,419**

\* Cash basis. \*\* At factor cost. \*\*\* Excludes

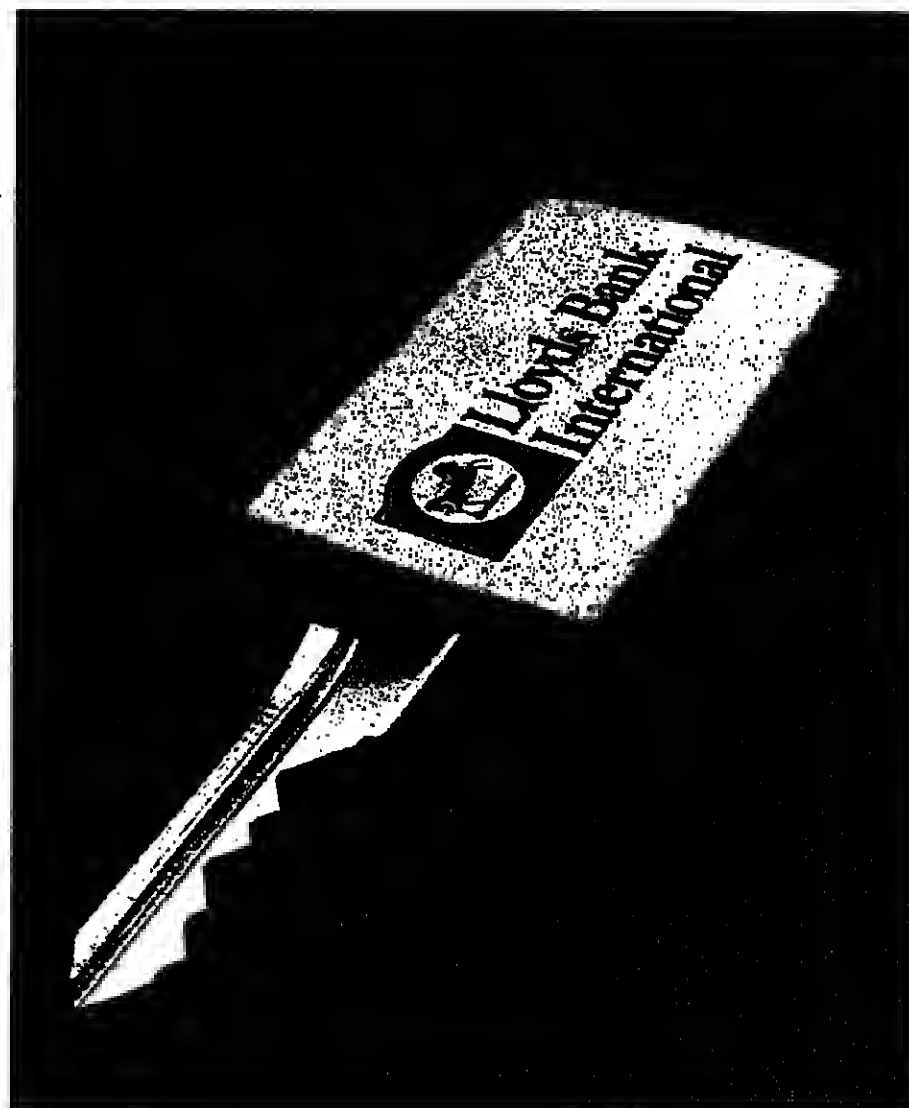
Source: OECD and Dutch Government

recession can look forward to a balance of payments surplus of Fl 10bn cannot be all bad. The problem here is that the surplus, as recently as last November, was forecast to reach Fl 19bn.

Lest there be any residual optimism on the payments front Mr Duisenberg remarked last week that pre-set surpluses were a symptom of weakness rather than of strength, being derived from the depressed level of imports – of investment goods in particular – and not from any vigorous pick-up in exports.

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Cayzer Ltd.	10%	United Bank of Kuwait	10%
Cedar Holdings	10%	United Mizrahi Bank	10%
Charterhouse Japbet	10%	Vakreka Int'l. Ltd.	10%
Chunlartons	11%	Westpac Banking Corp.	10%
Citibank Savings	11 1/2%	Whiteaway Laidlaw	10 1/2%
Clydesdale Bank	10%	Williams & Glyn's	10%
C. E. Coates	10 1/2%	Wintrust Secs. Ltd.	10%
Comm. Bk. of N. East	10%	Yorkshire Bank	10%
Consolidated Credits	10%	Members of the Accepting Houses Committee	
Co-operative Bank	10%	7-day deposits 8.75%, 1-month 7.00%, 3-month 6.50%, 6-month 6.00%, 12-month 5.50%	
The Cyprus Popular Bk.	10%	7-day deposits on sums of under £10,000 8 1/2%, £10,000 up to £50,000 7 1/2%, £50,000 and over 6 1/2%	
Duncan Lawrie	10%	Call deposits £1,000 and over 6 1/2%, 21-day deposits over £7,000 7 1/2%, Demand deposits 6 1/2%	
E. T. Trust	10 1/2%	Mortgage base rate	
Exeter Trust	11%		
First Nat. Fin. Corp.	12 1/2%		
First Nat. Secs. Ltd.	12%		
Robert Fraser	10 1/2%		
Grindlays Bank	10 1/2%		
Guinness Mahon	10%		

## SWITZERLAND SURVEY

The Financial Times wishes to apologise to its readers and to the advertisers within the Switzerland Survey for moving the survey from today's issue to Monday 6th June issue







Other Government Securities.....	4,151,192,745	—	75,468,205
Other Securities.....	7,197,723,155	+	285,466,505
	11,250,000,000	+	210,000,000



**ET UNIT TRUST INFORMATION SERVICE**[illegible]

## LONDON TRADED OPTIONS

CALLS				PUTS			
June	Nov.	Feb.	Aug.	Nov.	Feb.	Aug.	Nov.
1341							
12	14	18	4 1/2	7	8		
5 1/2	5 1/2	12	17	16			
33	92	—	3	4	—		
33	92	—	—	—	—		
43	33	—	10	30	—		
28	—	50	26	—	40		
28	33	43	26	—	45		
16	—	—	55	—	55		
—	22	—	50	—	—		
16	21	—	1 1/2	9	—		
11 1/2	7	9 1/2	9	19	13		
103	98	—	2	—	—		
83	98	—	2	2	—		
83	98	—	2	2	—		
70	76	—	2	6	—		
37	43	30	9	11	14		
32	32	—	17	—	—		
16	21	25	17	27	60		
112	120	—	2	—	—		
92	90	—	15	25	27		
2	88	98	47	—	46		
2	—	—	92	—	—		
172	—	—	—	—	—		
93	120	—	6	8	—		
34	54	70	36	22	28		
54	54	70	36	46	69		
26 1/2	27 1/2	—	1 1/2	3	—		
26 1/2	26 1/2	—	—	5 1/2	—		
24	24 1/2	—	—	8 1/2	—		
24	24	—	—	—	—		
2 1/2	1 1/2	14 1/2	16 1/2	21	—		
2 1/2	1 1/2	—	—	—	—		
CALLS				PUTS			
June	Sept.	Dec.	June	Sept.	Dec.		
50	50	70	7	12	10		
37	46	58	18	23	31		
10	25	35	28	40	45		
51	50	41	2	5	0		
31	24	30	7	11	13		
3	12	16	92	93			

contracts 2,531 Calls 1,515 Puts 513  
underlying security price,

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For information contact: G. T. Damer, Financial Times, Gullerstrasse 54, 5000 Frankfurt am Main, W. Germany. Telephone 7360-4; Telex 410130; or Laurence Allen, Financial Times, 75 Rockefeller Plaza, New York, N.Y. 10019. Telephone 430-5300; Telex 230429. FOTUL UL

Apr. 22										
Pound Sterling	U.S. Dollar	Deutsche Mark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc	
U.S. Dollar	1	1.546	3.757	205.2	13.245	5.188	4.363	2254.	1.207	75.45
Deutsche Mark	0.647	1	10.00	6.55	4.763	3.333	2.366	1.207	1.333	75.45
Japanese Yen	0.266	0.097	1	15.75	3.757	2.000	1.667	1.207	1.333	75.45
French Franc	0.015	0.005	0.063	1	0.072	0.035	0.029	0.024	0.026	1.33
Swiss Franc	0.20	0.072	0.266	13.75	1	0.193	0.167	0.125	0.133	7.54
Dutch Guilder	0.193	0.072	0.266	3.757	1	1	0.333	0.207	0.222	3.75
Italian Lira	0.00043	0.00016	0.00063	0.0029	0.00029	0.00035	1	0.00083	0.00089	1.33
Canada Dollar	0.725	0.266	1.000	15.75	3.757	2.000	1.667	1	1.333	75.45
Belgian Franc	0.026	0.009	0.036	0.0013	0.0011	0.00089	0.00089	0.00089	1	1.33



## INSURANCE & OVERSEAS MANAGED FUNDS

Insurance & Overseas Managed Funds		
<div> <div> <p><b>Black Horse Life Ass. Co. Ltd.</b> 14, Farnham Road, London E11 1JH Tel: 01-423 1280</p> <p><b>Black Horse Life Ass. Co. Ltd.</b> 14, Farnham Road, London E11 1JH Tel: 01-423 1280</p> <p><b>Black Horse Life Ass. Co. Ltd.</b> 14, Farnham Road, London E11 1JH Tel: 01-423 1280</p> </div> <div> <p><b>Association GENERALI S.p.A.</b> 117, Fenchurch St., EC3A 5DY Tel: 01-408 0733</p> <p><b>General Portfolio Life Ins. Co. Ltd.</b> 100, Temple St., Bristol BS1 6EA Tel: 0272 797179</p> <p><b>Growth &amp; Sec. Life Ass. Co. Ltd.</b> 40, London Park Exchange, E1 6EU Tel: 01-377 1122</p> <p><b>Guarantee Royal Exchange</b> Royal Exchange, E.C.3 Tel: 01-293 1101</p> <p><b>London Life Green Star</b> 2, N. St. John's Place, Harlow, Essex Tel: 01-273 3122</p> <p><b>London Assurance Ltd.</b> 1, Old Broad St., London EC2A 4DB Tel: 01-402 8576</p> <p><b>Capital Life Assurance</b> Gordon House, Canal Side, Wm. St. Tel: 01-293 2531</p> <p><b>Cheltenham Assurance Funds</b> 11 New Street, E2M 4TH Tel: 01-293 3935</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> </div> <div> <p><b>London Assurance Ltd.</b> 1, Old Broad St., London EC2A 4DB Tel: 01-402 8576</p> <p><b>Capital Life Assurance</b> Gordon House, Canal Side, Wm. St. Tel: 01-293 2531</p> <p><b>Cheltenham Assurance Funds</b> 11 New Street, E2M 4TH Tel: 01-293 3935</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> </div> </div>	<div> <p><b>London Assurance Ltd.</b> 1, Old Broad St., London EC2A 4DB Tel: 01-402 8576</p> <p><b>Capital Life Assurance</b> Gordon House, Canal Side, Wm. St. Tel: 01-293 2531</p> <p><b>Cheltenham Assurance Funds</b> 11 New Street, E2M 4TH Tel: 01-293 3935</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> </div>	<div> <p><b>London Assurance Ltd.</b> 1, Old Broad St., London EC2A 4DB Tel: 01-402 8576</p> <p><b>Capital Life Assurance</b> Gordon House, Canal Side, Wm. St. Tel: 01-293 2531</p> <p><b>Cheltenham Assurance Funds</b> 11 New Street, E2M 4TH Tel: 01-293 3935</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> <p><b>City of Westminster Assurance</b> City House, 500, Abchurch Lane Tel: 01-406 6630</p> </div>
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SECTION III - INTERNATIONAL MARKETS  
**FINANCIAL TIMES**

Friday May 27 1983

## WALL STREET

Funding by  
Treasury  
stalls rise

AN ATTEMPT by Wall Street share prices to extend the gains of the previous session was checked yesterday by a setback in fixed-interest markets when the U.S. Treasury brought forward its delayed funding plans, writes Terry Byland in New York.

Senate approval for an increase in the federal debt ceiling quickly brought a Treasury announcement of an auction within a few hours of \$7.75bn in two-year notes, to be followed today by a sale of \$6bn in 15-day bills.

Money market rates rose sharply after the funding announcement. Treasury bill yields added several basis points and prices in the bond market were marked down for a while. Share markets, which had edged higher at first, turned downwards.

By the end of the day, profit-taking in the market leaders had brought a fall of 5.52 points in the Dow Jones industrial average at 1,223.49. Turnover was a moderate 95.4m shares and support was maintained over the broad range of the market - reflected in a near balance of shares with gains, totalling 812, against the 815 showing falls.

There were some bright sectors, notably defence issues, which responded firmly to the Senate's approval for funding the MX missile.

Buying interest widened throughout the defence sector, putting a further 3% to 68% on Litton Industries, 5% on Boeing at \$40, lifting Raytheon \$1% to \$52 and General Dynamics \$1% to \$51.

Also in demand again were the steel shares, which have returned to favour after lagging behind. Bethlehem Steel gained 3% to \$29 and U.S. Steel 5% to \$27. Shares in Kaiser Steel were suspended at \$35 after the announcement of resumed discussions with Mr Irwin Jacobs, whose private investment group wants to take over the company.

But small losses were recorded by leading stocks in recently-favoured sectors.

At \$114 - after \$115 - IBM was a net 1% off by one stage.

The picture was the same throughout the motor, oil and railroad sectors. At \$68, GM had lost 5% and Ford at \$49 gave up 5% of its recent gain. Chrysler weakened 3% to \$27.

Further assessment of the prospect of a cigarette pricing war brought some switching out of shares in Philip Morris, which eased a further 3% to \$58. Philip Morris is striving hard to unseat R. J. Reynolds, number one in the U.S. market whose shares moved up 3% to \$50 yesterday.

The major institutions showed little interest in the credit markets. Treasury bill yields ended nine basis points or so up, with the three-month at 8.56 per cent and the six-month at 8.57 per cent.

The longer end of the bond market

proved unable to sustain an attempt to rally after the Treasury funding announcements. Dealers commented that there was little inclination to take up new investment positions ahead of the long holiday weekend.

The benchmark long bond, the 10% per cent of 2012, ended a half-point down at 90%.

Municipal bonds eased by a half point or so, uneasily awaiting developments on the feared Washington public power supply default.

In Toronto, shares moved higher in an active day's trading. The advance was led by golds, metals, real estate and transportation issues. In Montreal, a broad advance was headed by industrials.

## LONDON

Trio take  
advance a  
step further

FURTHER encouraging trading statements from leading UK groups yesterday boosted sentiment throughout London equity markets. The FT Industrial Ordinary share index penetrated deeper into 700 territory as institutional and smaller investors alike warmed to bumper interim or preliminary profits announced either yesterday or on Wednesday by a trio of index constituents.

Sparkling results and a scrip issue to be followed by a proposed share split ensured Plessey of a leading role, adding 25p to 80p after 70p. But further consideration of Boots' and Tate & Lyle's good figures made for fresh strength in both. Yesterday's gains in these accounts for nearly three points of the closing index rise of 5.8 at a record 706.2.

Boots advanced 15p to 270p and Tate & Lyle 10p to 360p. Investment interest focused on the three stocks and their respective sectors - electricals, retailers and foods - to the detriment of other leading issues, many of which tended to ease late on incoming Wall Street advice. Financials, however, became more prominent under the lead of the big four banks.

Speculative activity continued to feature many areas of the equity market, but failed to embrace recent star performers P & O, which shed 6p to 200p, and Dunlop, off 5p to 87p.

Government stocks stormed ahead again in the wake of sterling, above \$1.60 for the first time since early January. The accent rested solely on the untapped longer end of the market where selected high-coupon issues jumped 1 1/2 points before softening to close around a point up on balance.

Gains tapered off to minimal amounts, and even losses, among the shorts, currently unfashionable because of a persisting paucity of building society and other specialist funds. Index-linked gilts remained generally weak. South African golds lost further ground in fairly subdued trading as bullion failed to extend its recent advance. Randfontein was finally 5% easier at £105 1/2 ahead of news of major mining development of the area adjacent to the company's Cooke section, a development which also includes South Rodeport, unchanged at 280p; "Johnnies" £2 off at £94; Anglovaal, unaltered at £44; Middle Wits, similarly unchanged at £12 1/2; and New Wits, 5p cheaper at £27p.

Share information service,  
Pages 36-37

## AUSTRALIA

## High for year

SHARES extended the gains of the previous two days in Sydney. The All Ordinaries index peaked at 821.1 before closing easier, though still at a record for the year, of 819.9, compared with Wednesday's 814.8.

The All Resources index added 8.1 to a 1983 high of 504.8 and the All Industrials average ended 4.3 ahead at 782.8.

Turnover was heavy, totalling A\$21.89m in Sydney and A\$18.05m in Melbourne, with advances outnumbering declines in both centres by about two to one.

The largest gains were posted by mining and oil and gas stocks. Ashted ended 11 cents higher at A\$1.72, BHP 10 cents at A\$6.50, MIM 5 cents at A\$4.65, North Broken Hill 5 cents at A\$2.85, CSR 4 cents at A\$4.82 and Western Mining 3 cents at A\$4.58. Gold stocks also advanced strongly after overnight gains in bullion prices.

## SOUTH AFRICA

## Golds lower

SOME frustration at bullion's inability to breach \$445 left golds generally lower in Johannesburg, following an afternoon dip in fairly quiet trading.

Among the heavyweight producers, president Steyn lost R2.50 to R56.50, Kloof R1.50 to R55 and Randfontein R1 to R161.

In platinum, Rustenburg firmed 40 cents to a year's high of R10.90 but De Beers shed two cents R 9.65. Industrials

## FAR EAST

Blue chips  
lead Tokyo  
gains

STRONG gains were recorded among shares in Tokyo and Hong Kong after Wall Street's overnight performance, but Singapore proved only marginally firmer.

Blue chips and international populars again led the way in Tokyo. The Nikkei Dow index added 43.66 to close at 8,628 on volume of 380m shares, while the Tokyo SE index ended 3.68 up at 638.88.

Companies reporting good results surged while foreign investors provided demand for big capital issues and populars.

Sharp added Y70 to Y1,340 after announcing plans to increase its dividend in the current year. TDK closed up Y160 at Y4,960, Sony Y30 at Y3,800, Matsushita Electric Y20 at Y1,500 and Hitachi Y12 at Y795.

Foreign demand boosted Nippon Steel Y2 to Y188 while signs of a business recovery helped oil issues, with Nanyo up Y32 at Y960 and Maruzen Oil Y28 ahead at Y377.

Other major gains were posted by Cannon, up Y40 at Y1,380, Ricoh Y39 at Y824 and Kyocera Y80 at Y8,200.

The second market closed higher on volume of 15.5m shares. Meanwhile, prices were steady to slightly higher on the Government bond market.

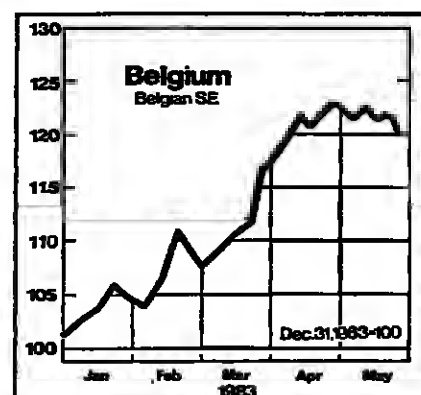
A rebound by the local currency - to a late 7.035 in terms of the U.S. dollar from an earlier 7.1 - provided the stimulus for shares in Hong Kong. The Hang Seng index added 20.59 to close at 908.45.

An increased volume mainly reflected short-covering and local bargain hunting. However, the undertone remains weak as a result of continuing uncertainty over the near-term movement of the HK dollar and concern over higher interest rates.

Among the leaders, Cheung Kong gained 15 cents to HK\$7.60, Hongkong Bank 20 cents to HK\$7.65, Hongkong Electric 15 cents to HK\$5.25, Hongkong Land 7.5 cents to HK\$3.70 and Hongkong Wharf 15 cents to HK\$3.675.

Hutchinson Whampoa added 20 cents to HK\$11.20, Jardine Matheson 30 cents to 12.60 and Swire Pacific "A" 20 cents to HK\$11.70. Second and third line stocks were also mostly higher, in line with the blue chips.

Singapore saw a firm opening with selective, moderate trading, but subsequent profit taking only enabled shares to end slightly higher on the day. The Straits Times industrial index added just 0.21 to 983.25, with participants reluctant to take new positions ahead of a three day holiday weekend.



## EUROPE

Corporate  
cloud over  
Frankfurt

POOR corporate results from Mannesmann and Preussag brought about a mid-session reversal after a mainly firmer opening in Frankfurt. By the close losses of several marks were recorded against a broad range of shares.

Trading remained thin in the absence of foreign investors and the Commerzbank index echoed the weaker trend, falling 6.9 to 927.8.

Mannesmann led the decline, shedding DM 8.70 to DM 153.80 after announcing a 21 per cent decline in first-quarter sales.

Preussag slipped DM 1.50 to DM 259 after announcing that its world and do-

mestic group profits fell in 1982 and saying it expects 1983 profit to match the lower levels.

Banks were generally lower with Deutsche down DM 5 at DM 322, after an early DM 327.80, Dresdner DM 3.20 at DM 181.80 after DM 185, Bayernver-ein DM 5 at DM 338 after DM 344, and Bayernhypo DM 1.50 at DM 311 after DM 312.80. Commerzbank edged 10pf higher at DM 178.60 though this was well below an early high of DM 181.50.

Domestic bonds fell in official trading. Turnover continued to be minimal with investors sidelined by the pessimistic outlook for interest rate cuts and the higher dollar.

Shares were mixed in Amsterdam with no major movements, despite Wall Street's overnight strength. Also led declines in Dutch internationals, falling Fl 1.50 to Fl 58.50. Royal Dutch was down 80 cents at Fl 118.80.

Unilever reversed an early loss to end 60 cents higher on the day at Fl 195. KLM declined 50 cents to Fl 142.50 but Philips was unchanged at Fl 47.20.

Dutch bonds showed little change in light trading.

Paris ended mixed though with a firmer bias. Among motors, however, Valeo declined FFf 16 to FFf 309 after reporting a consolidated net profit of FFf 88.8m for 1982 after a loss the previous year. Peugeot eased FFf 3.8 to FFf 183.2.

Rubbers, hanks, stores and foods were higher but hotels were mixed with Jacques Borel 20 centimes ahead at FFf 155 after announcing with Novotel that their merged group, to be called Accor, will show a rise in 1983 group net profit.

Shares ended steady in Zurich in moderate trading. The underlying trend continued firm as the overnight gains in New York offset the negative influences of higher domestic interest rates.

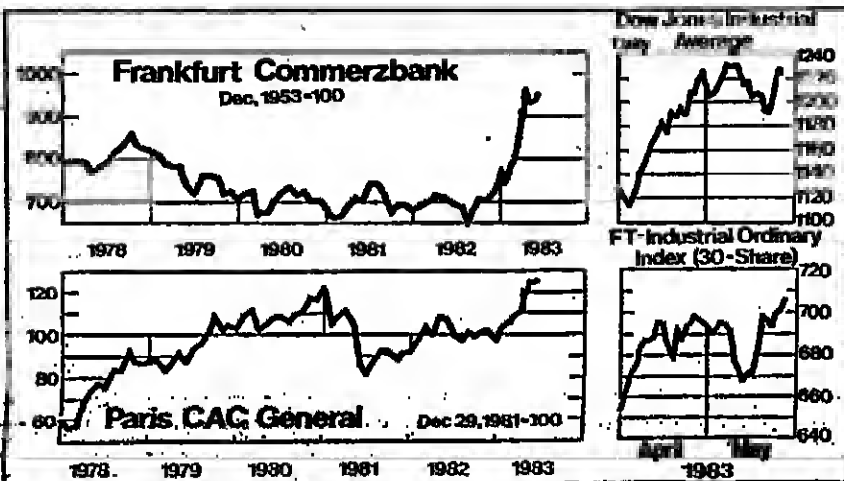
Financials performed slightly better than the rest of the market with Hasler another SwFr 80 ahead at SwFr 2,250 on continued speculative demand.

Brussels saw prices higher in lively trading and the All Shares index rose 2.46 to 309.77, though the Belgian shares index declined slightly to 120.09 from 121.86, due to coupon payments.

Madrid was slightly ahead though trading was quiet. The market leader, Telefonica continued to underpin the firmer tone.

In Milan, prices were mixed though there was a near total lack of investor interest in trading, but in Stockholm, shares ended lower after a heavy day's trade.

## KEY MARKET MONITORS



## STOCK MARKET INDICES

NEW YORK	May 26	Previous	Year ago
DJ Industrials	1223.49	1228.01	828.77
DJ Transport	554.82	558.58	325.17
DJ Utilities	130.26	130.63	112.76
S&P Composite	165.48	166.21	113.11

LONDON	May 26	Previous	Year ago
FT Ind Ord	706.2	700.6	584.3
FT-A All-share	433.47	428.49	334.23
FT-A 500	471.05	465.16	365.70
FT-A Ind	434.08	428.13	331.25
FT Gold mines	631.0	638.3	230.3
FT Govt secs	82.09	81.62	69.01

TOKYO	May 26	Previous	Year ago
Nikkei-Dow	8625.00	8582.34	7449.92
Tokyo SE	636.86	633.18	554.14

AUSTRALIA	May 26	Previous	Year ago
All Ord	619.9	614.8	510.3
Metals & Mins	556.5	551.1	374.0

AUSTRIA	May 26	Previous	Year ago
Credit Aktien	57.86	57.89	51.98

BELGIUM	May 26	Previous	Year ago
Belgian SE	120.09	121.86	91.87

CANADA	May 26	Previous	Year ago
Toronto Composite	2445.10	2434.04	1503.00

FRANCE	May 26	Previous	Year ago
CAC Gen	126.80	125.80	108.50
Ind. Tendance	130.10	129.50	120.50

WEST GERMANY	May 26	Previous	Year ago
FAZ-Aktien	311.00	313.16	230.20
Commerzbank	927.80	934.70	703.50

HONG KONG	May 26	Previous	Year ago
Hang Seng	908.45	887.86	1413.47

ITALY	May 26	Previous	Year ago
Banca Com. Ind.	190.91	190.65	176.19

NETHERLANDS	May 26	Previous	Year ago
ANP-CBS Gen	126.00	126.20	92.80
ANP-CBS Ind	102.30	103.10	72.50

NORWAY	May 26	Previous	Year ago
Oslø SE	187.06	188.93	112.38

SINGAPORE	May 26	Previous	Year ago
Straits Times	935.25	935.04	766.33

SOUTH AFRICA	May 26	Previous	Year ago
Golds	n/a	910.7	414.1
Industrials	n/a	982.2	543.7

SPAIN	May 26	Previous	Year ago
Madrid SE	117.30	118.95	119.99

SWEDEN	May 26	Previous	Year ago
J & P	1428.70	1435.81	590.30

SWITZERLAND	May 26	Previous	Year ago
Swiss Bank Corp	324.80	324.10	253.10

WORLD	May 26	Previous	Year ago
Capital Int'l	178.20	177.30	135.20

## GOLD (per ounce)

	May 26	Previous	Year ago
London	\$440.00	\$440.75	\$440.75
Frankfurt	\$440.00	\$442.00	\$442.00
Zürich	\$439.50	\$442.50	\$442.50
Paris (Bldg)	\$444.30	\$439.21	\$439.21
New York (June)	\$437.30	\$440.10	\$440.10

## CURRENCIES

	May 26	Previous	Year ago
U.S. DOLLAR	1.6000	1.5855	-
DM	2.4950	2.4900	3.9500
Yen	236.55	236.40	378.75
FFf	7.4835	7.4710	11.8450
SwFr	2.0740	2.0725	3.3200
Guilford	2.8070	2.7980	4.4925
Lira	1481.75	1478.00	2370.50
BFR	46.82	46.67	79.72
CS	1.23275	1.23225	1.9720

## INTEREST RATES

	May 26	Prev
Euro-currencies (three month offered rate)		
£	10%	10 1/2%
SwFr	5%	5%
DM	5 1/2%	5 1/2%
FFf	13%	13%

## FT London Interbank fixing (offered rate)

	May 26	Prev
3-month U.S.S.	9%	9 1/4%
6-month U.S.S.	9 1/2%	9 1/2%
U.S. Fed Funds	8%	8%
U.S. 3-month CDs	8.50	8.55
U.S. 3-month T-bills	8.53	8.47

## U.S. Treasury Bonds

	May 26	Prev
9% 1985	99 1/2%	98 1/2%
10% 1990	99 1/2%	10.57
10% 1993	97	10.62
10% 2012	96 1/2%	10.75

## FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
8% 32nds of 100%	75-29	76-12	75-25	76-08
U.S. Treasury Bills (BMM)				
\$1m points of 100%	91.40	91.44	91.36	91.45
Govt Deposits (BMM)				
\$1m points of 100%	90.97	91.03	90.93	91.05

## LONDON

	May 26	Prev
Three-month Eurodollar		
\$1m points of 100%	90.78	90.79
20-year National Gilt		
£20,000 32nds of 100%	105-29	105-08

## LONDON COMMODITY MARKETS

	May 26	Prev
Silver (spot fixing)	£38.20p	£40.30p
Copper (cash)	£1086.50	£1103.00
Coffee (May)	£2185.00	£2102.50
Oil (spot Arabian light)	\$28.75	\$28.50

## HONG KONG

	May 26	Prev
Trade Deficit		
May 26		
May 27		
May 28		
May 29		
May 30		
May 31		
June 1		
June 2		
June 3		
June 4		
June 5		
June 6		
June 7		
June 8		
June 9		
June 10		
June 11		
June 12		
June 13		
June 14		
June 15		
June 16		
June 17		
June 18		
June 19		
June 20		
June 21		



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## WORLD STOCK MARKETS

## CANADA

(Closing Prices)

May 26

May 25

May 24

May 23

May 22

May 21

May 20

May 19

May 18

May 17

May 16

May 15

May 14

May 13

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May 11

May 10

May 9

May 8

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## DENMARK

(Closing Prices)

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## NETHERLANDS

(Closing Prices)

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## AUSTRALIA

(Closing Prices)

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May 1

## JAPAN (continued)

(Closing Prices)

May 26

May 25

May 24

May 23

May 22



## COMMODITIES AND AGRICULTURE

Potato price  
rise fears  
played down

By Richard Mooney

POTATO wholesalers and retailers should be able to absorb a large part of the producer price rise expected to be caused next season by this year's exceptionally wet spring, Mr. Robin Pooley, chief executive of the Potato Marketing Board, said in London yesterday.

This year's depressed farm-gate prices had not been fully reflected in the shops because wholesale and retail margins had widened, he said. If lower supplies boosted farmers' prices next season, distributors should be able to reduce the impact by cutting margins.

Planting delays caused by the persistent rain have forced up distant positions on the London futures market. Yesterday, April 1984 delivery potatoes closed at £133 a tonne against £88.80 for November 1983.

The bad weather has tended to hold down current prices as farm labourers, unable to get on with planting, have concentrated on preparing previously harvested supplies for the market.

The Potato Marketing Board calculated the average producer price last week at £53.15 a tonne.

This week's dry spell has allowed planting to get into full swing again. Mr. Geoffrey Grantham, the board's chairman, estimated yesterday that plantings had reached about 120,000 hectares, up from 102,000 at the end of last week.

But plantings, normally complete by now, are still well short of the 161,255 hectares target.

There would be no potato "famine" next year, Mr. Grantham declared. It was far too early to talk of a shortage of potatoes, he said. But he accepted that prices would be higher than this year.

He thought the futures market had overreacted but did not think this raised any doubts about its value. "The futures market has its place as a useful adjunct to (physical) trading,"

## N. Sea herring ban lifted

BY LARRY KLINGER IN BRUSSELS

HERRING fishing will reopen tomorrow in the northern and central North Sea where it has been banned for nearly six years to replenish seriously depleted stocks.

Yesterday's decision by the EEC member states allows for the Netherlands to take 3,000 tonnes in the area from this weekend and for Britain to take a further 3,000 tonnes from next Wednesday.

The lifting of the ban was taken on the advice of the European Commission which says latest scientific evidence shows that up to 62,000 tonnes can be safely caught in the area.

However, the Commission also says that in the southern North Sea, where herring fishing had been allowed to continue, this year's quota will have to be reduced to 35,000 tonnes from last year's 65,000.

This year's full EEC herring share-out will not take place until the Council of Fisheries Ministers, now due to meet on June 20-21, decides on the Community-wide total allowable catch for 1983 and the percentage quota for the main fishing nations under the Common Fisheries Policy.

Yesterday's interim decision, taken early at the request of the Netherlands to enable its fishermen to start their traditional spring festival catch of young herring, also provides for a 3,000-tonne catch from next Wednesday to be shared equally by West Germany, France and Denmark.

The move was warmly welcomed by the British authorities, who feared that initial strong opposition to the interim measures might involve the UK Government in an EEC fishing quarrel while it was making a concerted bid for the fishing industry vote before next month's General Election.

Grain prices would rise by an average of 25 per cent from July 1 and wheat would rise by 30 per cent. The price for pig meat is expected to rise by 7 per cent, beef by 9 per cent and milk by 6 per cent.

Last year, when Poland was still able to import grain on credit, purchases abroad fell from 8m tonnes the year before to 5m tonnes.

This year, with no credits available, grain imports in the first quarter have fallen by another 20 per cent compared with the same period last year. Wheat imports are down by 150,000 tonnes to 624,000 tonnes.

● **COLORADO** beetle pest is spreading from southern Poland to northern Czechoslovakia, according to reports from other countries. The Czechoslovak youth newspaper Mlada Fronta said yesterday that the two northern Moravian districts of Frydek-Mistek and Karvina were affected by an invasion, with farmers counting between 5,000 and 20,000 beetles a hectare.

● **TIMBER** harvested by the Forestry Commission increased by 11 per cent in 1981-82, according to the commission's annual report published yesterday. The report showed a 32m down on the previous year and the commission cost the taxpayer £58.7m during the year.

● **TAIWAN'S** maize importers' joint committee said it bought 3.2m tonnes of maize from the U.S. through nine tenders between January and May this year. The committee said it expected to be offset by recoveries in Malaysia and Ecuador, while the outlook is for bigger crops in Brazil and the Ivory Coast, the world's two biggest maize producers.

It is probably rather smaller than most dealers would have expected in view of the recent problems in major growing areas, and could therefore be a disappointment.

Possible crop reductions in China and Nigeria are expected to be offset by recoveries in Malaysia and Ecuador, while the outlook is for bigger crops in Brazil and the Ivory Coast, the world's two biggest maize producers.

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The forecast 1982/83 deficit, which would reduce world stocks to around 614,000 tonnes, is probably rather smaller than most dealers would have expected in view of the recent problems in major growing areas, and could therefore be a disappointment.

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## OIL AND GAS—Continued

Central African			
Year		+ or -	Per

32 | 13 1/2 | WACM 20c..... | 19 |..... | — | —  
For Argosy Ltd. Mines see Southern Ventures.

210	Crusader Oil	120	-25	
8	Cutus Pac NL	150		
7	Eagle Corp 10c			

25	Keywest Expl...	27	...	—
9	Keywest Expl...	36	...	—
54	Kitchener HL 25c.	72	-2	—

23	Newmetal 20c	45		
128	North B Hill 50c	164		906c
38	Nth. Kalowil	54		

171	Renison 50c	240	05c	—
135	Do Deld	210	—	—
20	Symantec Explor NL	44	—	—

39	United Goldfields	48	..	..	..
3	West Coast 25c	12	...	—	—
14	Western Cam. 50c	19	.....	—	—

175	Agar Filizani 30x1	225	100x	10
83	Geovor	125	—	—
101 <sub>2</sub>	Gold & Base 121 <sub>2</sub> p..	16	—	—
200	Golden Gate	200	35	1

225	Petaling SM1	320	.....	v060c	1.3
185	Sungai Besi SM1	215	.....	b0185c	0.6

315	Admiral Mines.....	130	.....	-	-
34	Anglo-Dominion	72	+13	-	-
56	Anglo Int. Dev.	85		-	-

455	R.T.Z.	583	-2	16.0	1.9
£108	in 900000	£1301	+1	991%	21.4
15	in 900000	156	-10		

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and coverages are listed without booklets and discounts and without transfers.

Yields are based on midlife prices, are gross, adjusted to after-tax basis and allow for value of declared distributions and dividends.

not officially UK Listed; dealings permitted under Rule 163(4)  
USM; not listed on Stock Exchange and company not subject

Forecast dividend, cover on earnings updated by latest last statement

ption Treasury Bill Rate stays unchanged until maturity of \$100 million of 1990's. Figures based on prospectus or other official estimates. Dividend rate paid or payable on part of capital.

y Dividend and yield based on merger terms. z Dividend includes a special dividend. Cause does not apply to companies with a foreign ownership.

estimates for 1982-83. M Dividend and yield based on prospectus  
official estimates for 1983. M Dividend and yield based on  
estimates or other official estimates for 1982-83. P Figures in

## REGIONAL AND IRISH

my inv. 20p	61st	Exch. 15p 1983	£100
note for 50p	265	Nat. 91% 84/89	£875
		£1.30 03/85	£875

Dr. H. H. H.	280	Jacob	76
Hidge		T. M. G.	70
		Uredare	73

House of Fraser	17	Utd. Drapery
J.C. L.	35	Vickers
"Imos"	11	Woolworth Hds.

Aerospace	20	Lucas Inds.	15	Peasey
T.	65	"Mans"	12	Samuel Prop.
n (J).	5	Miles. & Spon	20	Town & City

Accident	22	Home Org. Ord.	17
Electric	22	Reed Intnl.	28
	90	Sears	4
		T.I.	16

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